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### NOTES

#### Cancellation of Certificates of Citizenship for Fraud or Illegality in the Procurement Under Section 15 of the Naturalization Act of 1906

"To provide for a uniform rule for the naturalization of aliens throughout the United States," Congress passed, in 1906, the Naturalization Act,<sup>1</sup> which is the present organic law. Prior to its enactment, competition between the federal and state courts had led to a great deal of irregularity and inconsistencies in the administration of the naturalization law.<sup>2</sup> Further, political leaders, motivated by a desire to swell the ranks of favorable voters,

1. 34 STAT. 596 (1907), 8 U. S. C. A. §§ 351-415 (1927).

2. 40 CONG. REC. 7036 (1906).

used the courts and their agents to foster a great deal of illegality and fraud in the procurement of the coveted citizenship certificates.<sup>3</sup> The Act, after establishing rigid requisites for citizenship and prescribing the proper procedure, granted the government two weapons to combat possible irregularities. Under Section 11 of the Act,<sup>4</sup> the United States government was given the right to appear at the naturalization hearings, examine witnesses, produce evidence, and object to the issuance of the certificate. The other weapon, Section 15,<sup>5</sup> permitted the government to institute proceedings in the appropriate court, to set aside a certificate already granted "on the ground of fraud or on the ground that such certificate of citizenship was illegally procured." An attack under Section 15 has been ruled an independent and direct one and therefore not subject to criticism on the theory that it constitutes a collateral attack upon the judgment of the naturalizing court.<sup>6</sup> Having interpreted Section 15 as permitting a direct attack, the courts were then called upon to answer the question raised in *Johannessen v. United States*:<sup>7</sup> is the naturalization judgment *res judicata* as to matters actually litigated therein, where the government has availed itself of the rights created by Section 11? *United States v. Ness*,<sup>8</sup> and *United States v. Maney*,<sup>9</sup> which followed it, answered the question negatively, by ruling that the two sections were intended to afford cumulative and not alternative remedies.<sup>10</sup> These cases, although questioned on a few occasions, have been accepted as conclusive on the proposition.<sup>11</sup> Having determined that the

3. *Id.* at 7036-7037. See also H. R. Doc. No. 46, 59th Cong., 1st Sess. (1906) 79. The irregularities are referred to in *United States v. Ness*, 245 U. S. 319, at 324 (1917); *United States v. Lenore*, 207 Fed. 865, at 867 (E. D. N. D. 1913). Beitz, *Naturalization* (1930) 3 LINCOLN L. REV. 11, 13.

4. "The United States shall have the right to appear before any court or courts exercising jurisdiction in naturalization proceedings for the purpose of cross-examining the petitioner and the witnesses produced in support of his petition concerning any matter touching or in any way affecting his right to admission to citizenship, and shall have the right to call witnesses, produce evidence, and be heard in opposition to the granting of any petition in naturalization proceedings."

5. "It shall be the duty of the United States District Attorneys for the respective districts, or the Commissioner or Deputy Commissioner of Naturalization, upon affidavit showing good cause therefor, to institute proceedings in any court having jurisdiction to naturalize aliens in the judicial district in which the naturalized citizen may reside at the time of bringing the suit, for the purpose of setting aside and cancelling the certificate of citizenship on the ground of fraud or on the ground that such certificate of citizenship was illegally procured."

6. *United States v. Ness*, 245 U. S. 319 (1917); *United States v. Spohrer*, 175 Fed. 440 (C. C. N. J. 1910).

7. *Johannessen v. United States*, 225 U. S. 227 (1912). "What may be the effect of a judgment allowing naturalization in a case where the government has appeared and litigated the matter does not concern us." *Id.* at 237.

8. *United States v. Ness*, 245 U. S. 319 (1917). The court also discussed the scope of the two sections. They felt that, although cumulative, Section 11 was broader for "opposition to the granting of a petition for naturalization may prevail because of objections to the competency or weight of the evidence or the credibility of witnesses, or mere irregularities in procedure. A decision on such minor questions, at least of a state court of naturalization, is, though clearly erroneous, conclusive even as against the United States if it entered an appearance under Section 11." *Id.* at 325.

9. *United States v. Maney*, 278 U. S. 17 (1928). See also Hazard, *The Doctrine of Res Judicata in Naturalization Cases in the United States* (1929) 23 AM. J. INT. L. 50.

10. It is important to remember that the government can appeal from an order granting citizenship. *Estrin v. United States*, 80 F. (2d) 105 (C. C. A. 2d, 1935).

11. In *United States v. Villaneuva*, 17 F. Supp. 485 (D. Nev. 1937), the doctrine was held inapplicable even though the government commenced an appeal, prosecuted to the filing of its bill of complaint and then abandoned it. *Cf. United States v. Srednik*, 19 F. (2d) 71 (C. C. A. 3d, 1927). An interesting problem arose after the decision of *United States v. Thind*, 261 U. S. 204 (1923), which held that a "high-caste Hindu of pure blood" was not a "white person" within the meaning of the Act. Sev-

government can cancel the certificates "illegally or fraudulently procured", our next problem is a consideration of the circumstances under which a court will find that a certificate has been illegally or fraudulently procured.

### I. "ILLEGALLY PROCURED"

Defining the rather vague term "illegally procured" as used in Section 15 has led to a clear split of authority. The majority view, of which *United States v. Ginsberg*<sup>12</sup> is the leading case, defines the term as signifying a failure to adhere completely to the requirements of the Act.<sup>13</sup> Thus it is defined as being contrary to law. Mr. Justice McReynolds, in the *Ginsberg* case, held that a certificate was illegally procured where the appellant took his oath in the judge's chambers rather than in open court. The test adopted in this case was:

"If procured when prescribed qualifications have no existence in fact it is illegally procured; a manifest error by the judge can not supply nor render their existence non-essential."<sup>14</sup>

The rationale of this majority view is that citizenship is a grant of a privilege and not a matter of right, and, being a privilege, can only be acquired after meticulous adherence to the requirements of the Act.<sup>15</sup> This demand on the part of the majority view finds support in the language of the Act, where it is stated:

"That an alien may be admitted to become a citizen of the United States in the following manner and not otherwise."<sup>16</sup>

The majority view seems to carry out one of the principal purposes of the Act: the desire to promote greater uniformity of procedure in naturalization cases.<sup>17</sup> In opposition to this line of authority, Judge Learned Hand<sup>18</sup> argued that "'illegally procured' means procured by subornation or some other means used to impose upon the court, it does not mean that the certificate was issued through error of law."<sup>19</sup> *United States v. Lenore*,<sup>20</sup> citing this rule with approval, contained language to the effect that only when "false and spurious certificates were obtained without any judicial proceeding what-

eral proceedings were instituted to cancel certificates granted to such persons prior to 1923. Two of them, *Mozumder v. United States*, 299 Fed. 240 (C. C. A. 9th, 1924), and *United States v. Ali*, 20 F. (2d) 998 (E. D. Mich. 1927) allowed cancellation. *United States v. Pandit*, 15 F. (2d) 285 (C. C. A. 9th, 1926), *cert. denied*, 273 U. S. 759 (1927) ruled that the question was *res judicata*. See *United States v. Gokhale*, 26 F. (2d) 360 (C. C. A. 2d, 1928), 278 U. S. 612 (1928). On these latter cases, see Note (1927) 21 AM. J. INT. L. 106.

12. 243 U. S. 472 (1917).

13. *Ibid.* See also *United States v. Maney*, 278 U. S. 17 (1928); *United States v. Plaistow*, 189 Fed. 1006 (W. D. N. Y. 1910).

14. 243 U. S. 472, 475 (1917).

15. *United States v. Maney*, 278 U. S. 17 (1928); *United States v. Ginsberg*, 243 U. S. 472 (1917); *Johannessen v. United States*, 225 U. S. 227 (1912); *United States v. Plaistow*, 189 Fed. 1006 (W. D. N. Y. 1910); *Beitz*, *supra* note 3, at 15.

16. See note 4 *supra*.

17. H. R. Doc., *op. cit. supra* note 3.

18. *Luria v. United States*, 184 Fed. 643 (S. D. N. Y. 1911), *aff'd*, 231 U. S. 9 (1913).

19. 184 Fed. 643, 646 (S. D. N. Y. 1911).

20. *United States v. Lenore*, 207 Fed. 865 (D. N. D. 1913). To the same effect, see *United States v. Richmond*, 17 F. (2d) 28 (C. C. A. 3d, 1927); *United States v. Salomon*, 231 Fed. 928 (C. C. A. 5th, 1916); *United States v. Ellis*, 185 Fed. 546 (C. C. E. D. La. 1911); *United States v. Bialogowski*, 21 F. Supp. 613 (S. D. Cal. 1938); *United States v. Butikofer*, 228 Fed. 918 (E. D. Idaho 1916); *United States v. Erickson*, 188 Fed. 747 (W. D. Mich. 1910).

ever, or by a proceeding in court which was itself sham and spurious"<sup>21</sup> will the certificate be set aside as illegally procured. These cases rely heavily upon the attempt to eliminate the spurious and sham naturalization cases which led to the adoption of the Act.<sup>22</sup>

With this difference of the definition of the term "illegally procured" in mind, it will be well to examine the cases to determine the application of these theories to the factual situations which have been brought up under Section 15.

#### *a. Five Years Residence Prior to Naturalization*

Under the statutory requirement that, at the time of his petition, the alien shall have "continuously resided" within the United States for a period of five years next preceding his petition,<sup>23</sup> we find some rather interesting problems. The courts were unanimous in holding that the act did not require actual, uninterrupted, physical residence, for to hold so would mean that every time an alien left the country for a visit or a short business trip, he would have to commence his five-year period anew.<sup>24</sup> Through judicial construction the term became synonymous with bona fide residence and a temporary absence coupled with the requisite intent to return did not disrupt the running of the period.<sup>25</sup> However, there still remained the problem of whether a certificate of citizenship issued by a court apprised of all the facts was subject to cancellation even though the naturalizing court felt that the facts warranted a finding of five years bona fide residence. *United States v. Mulvey*<sup>26</sup> involved a certificate granted to an applicant who had left the country to visit his sick mother and had been delayed abroad for a period of two years. The court allowed cancellation, their rationale being that the five-year clause was inserted to enable the applicant to learn our institutions and government and an absence of two years was inconsistent with this purpose.<sup>27</sup> *United States v. Shanahan*,<sup>28</sup> decided in the same year as the *Mulvey* case, refused the government's petition in a case involving similar facts. The theory employed by this court was that the finding of bona fide residence by the naturalization court was a finding of fact and such finding could not be disturbed in an attack under Section 15. Later cases are in accord with this line of reasoning and refuse cancellation if the court, with all the facts before it, found the requirement satisfied.<sup>29</sup>

An amendment to the Act removed another conflict in these residence cases.<sup>30</sup> Many of our aliens had left this country as employees of the government or of private corporations to perform services in foreign countries;

21. *United States v. Lenore*, 207 Fed. 865, 868 (D. N. D. 1913).

22. CONG. REC., *op. cit. supra* note 2.

23. Sec. 4 (4).

24. *United States v. Mulvey*, 232 Fed. 513 (C. C. A. 2d, 1916); *United States v. Shanahan*, 232 Fed. 169 (E. D. Pa. 1916); *United States v. Cantini*, 199 Fed. 859 (W. D. Pa. 1912), *rev'd*, 212 Fed. 925 (C. C. A. 3d, 1914).

25. *United States v. Yatsevitch*, 33 F. (2d) 342 (D. Mass. 1929); *United States v. Jorgenson*, 241 Fed. 412 (W. D. Mich. 1916); *United States v. Shanahan*, 232 Fed. 169 (E. D. Pa. 1916).

26. *United States v. Mulvey*, 232 Fed. 513 (C. C. A. 2d, 1916).

27. *Id.* at 516. In *United States v. Jorgenson*, 241 Fed. 412 (W. D. Mich. 1916), the court distinguishes this case from the *Mulvey* case on the ground that in the *Jorgenson* case the applicant was an employee of the United States Government and could therefore learn the principles of our government. *Id.* at 416.

28. 232 Fed. 169 (E. D. Pa. 1916).

29. *United States v. Yatsovitch*, 33 F. (2d) 342 (D. Mass. 1929); *United States v. Srednik*, 19 F. (2d) 71 (C. C. A. 3d, 1927). In the *Srednik* case the court said it was purely a question of fact and legal construction, and the United States, being duly represented, should have appealed if aggrieved by the fact finding.

30. 49 STAT. 1925 (1936), 8 U. S. C. A. § 382 (a) (Supp. 1939).

as a result there had been a split on the question of whether absence due to such employment should render the residence non-continuous. In *Schradiack v. United States*<sup>31</sup> the certificate was cancelled where the applicant spent four of the five-year period abroad as an employee of a private corporation. In *United States v. Jorgenson*<sup>32</sup> a different result was reached where the employment was with the government. Under the amendment, the problem will seldom arise for absence due to employment by the government or certain designated types of corporations may not be held to break the running of the five-year period.

*b. Five Years of Good Moral Behavior Prior to Naturalization*

Section 4 of the Act provides that the applicant must make it appear to the naturalizing court that for a period of five years next preceding his petition he has behaved as a man of good moral character. Faced with a problem similar to the one in the preceding section, it is not surprising to find the same split of authority.<sup>33</sup> Thus, *United States v. Wexler*<sup>34</sup> permitted cancellation where the alleged adultery occurred more than four years prior to the petition and all the facts of the alleged crime were presented to the court by the government under Section 11. The naturalization court, faced with evidence of the alleged adultery, found that the applicant had shown himself a man of good moral conduct. The court, in the cancellation suit, said the applicant was ineligible and that therefore the citizenship was illegally procured. The dissenting judge in *Turlej v. United States*<sup>35</sup> argued that where the court granting the certificate is convinced that the applicant is of good moral conduct, this finding of fact should not be disturbed. Faced with a stronger case for cancellation than the *Wexler* case, the court in *United States v. Bischof*<sup>36</sup> adopted the argument of the dissent in the *Turlej* case saying that a distinction must be drawn between cases involving jurisdictional prerequisites to naturalization and mere fact finding. Although there is a stronger argument for permitting cancellation in these cases than in the residence cases, for here it is not as clear a case of fact finding as it was in those cases, it seems that the government should avail itself of its right to appeal where the alleged "illegality" is due to a fact-finding adverse to the government's position. This solution was strongly advocated by the court in the *Bischof* case.<sup>37</sup>

*c. Naturalization of Persons Excluded From Citizenship by the Act*

Since these cases present situations in which the alien is specifically excluded from citizenship, it is not surprising that we find unanimity among the courts in sustaining the petition by the government. The most common type of case arising in this connection is that of illegal entry by the alien. In such cases there is no question of fact to be determined by the naturaliza-

31. *United States v. Schradiack*, 29 F. (2d) 24 (C. C. A. 2d, 1928).

32. *United States v. Jorgenson*, 241 Fed. 412 (W. D. Mich. 1916).

33. Cases allowing cancellation: *Turlej v. United States*, 31 F. (2d) 696 (C. C. A. 8th, 1929); *United States v. Milder*, 284 Fed. 571 (C. C. A. 8th, 1922); *United States v. Unger*, 26 F. (2d) 114 (S. D. N. Y. 1928) (adultery); *United States v. Mirsky*, 17 F. (2d) 275 (S. D. N. Y. 1926) (liquor violation); *United States v. Wexler*, 8 F. (2d) 880 (E. D. N. Y. 1925) (adultery); *United States v. Zaltsman*, 19 F. Supp. 305 (W. D. N. Y. 1937). Cases refusing cancellation: *United States v. Bischof*, 48 F. (2d) 538 (C. C. A. 2d, 1931); *United States v. Dwyer*, 170 Fed. 686 (C. C. D. Mass. 1909).

34. *United States v. Wexler*, 8 F. (2d) 880 (E. D. N. Y. 1925).

35. *Turlej v. United States*, 31 F. (2d) 696, 699 (C. C. A. 8th, 1929).

36. *United States v. Bischof*, 48 F. (2d) 538 (C. C. A. 2d, 1931). Here the divorce court found, as a fact, that applicant had committed adultery.

37. *Id.* at 539.

tion court for the alien cannot possibly have established residence unless his entry was legal and this is so regardless of his intent to remain here. Being ineligible to citizenship, courts have found little trouble in cancelling the certificates on the ground that they were illegally procured.<sup>38</sup> Similar results have been obtained where, although the entry was legal, it was merely for a temporary visit and therefore not permanent residence.<sup>39</sup>

Another group of cases presenting the same problem arose after *United States v. Thind*<sup>40</sup> ruled that Hindus were not white persons within the terms of the Act. Following the *Thind* case, several suits instituted under Section 15 met with complete success.<sup>41</sup> In *United States v. Gokhale*<sup>42</sup> the court was of the opinion that the naturalization court had not decided a question of fact; it was purely a question of a prerequisite to naturalization and, not being satisfied, the certificate was subject to cancellation.<sup>43</sup>

*d. Failure of the Court to Adhere to Technical Requirements of the Act*

One of the most interesting cases, although it is now merely historically so, is that of *United States v. Ginsburg*.<sup>44</sup> After satisfying all other requirements of the Act, petitioner received his oath of allegiance in the judge's chambers instead of in open court as required by the Act. The court, construing the Act literally, felt that an error by the judge in failing to adhere to the technical requirements of the Act was fatal, and rendered the certificate illegally procured.<sup>45</sup> In a somewhat similar situation, *United States v. Richmond*<sup>46</sup> held that an act of the judge which did not adhere to the statutory requirements could not be the basis for a suit to set aside the certificate. The court, however, attempted to reconcile the instant case with the *Ginsburg* case on the ground that in the latter case the court never convened and that therefore it was a jurisdictional defect. In *United States v. Leles*<sup>47</sup> and *United States v. Nisbet*<sup>48</sup> the courts permitted cancellation where the defect complained of was the naturalization court's failure to examine petitioner's witnesses in open court. *United States v. Olachea*<sup>49</sup> went further than these two cases in permitting cancellation where the defect allegedly rendering them illegally procured was in the failure of the court to submit the petitioner to an examination by the Naturalization Bureau's representa-

38. *United States v. Taub*, E. D. Pa., March 14, 1940; *United States v. Beda*, 30 F. Supp. 446 (E. D. N. Y. 1940); *United States v. Marino*, 27 F. Supp. 155 (S. D. N. Y. 1939); *United States v. Parisi*, 24 F. Supp. 414 (D. Md. 1938).

39. *United States v. Bialoglowski*, 21 F. Supp. 613 (S. D. Cal. 1938); cf. *United States v. Marini*, 16 F. Supp. 963 (S. D. N. Y. 1937). See 45 STAT. 1512 (1929), 8 U. S. C. A. § 377b (Supp. 1939).

40. *United States v. Thind*, 261 U. S. 204 (1923).

41. See cases collected *supra* note 11.

42. *United States v. Gokhale*, 26 F. (2d) 360 (C. C. A. 2d, 1928).

43. *United States v. Plaistow*, 189 Fed. 1006 (W. D. N. Y. 1910) presents a very interesting situation. Under the Act, one who has served an enlistment can petition, upon honorable discharge, without filing a declaration of intent. Applicant was honorably discharged before the completion of regular enlistment. The court found that this was illegally procured.

44. *United States v. Ginsburg*, 243 U. S. 472 (1917). But see *United States v. Stoller*, 180 Fed. 910 (E. D. Wash. 1910).

45. "Courts are without authority to sanction changes or modifications; their duty is rigidly to enforce the legislative will in respect of a matter so vital to the public welfare." *Id.* at 474.

46. *United States v. Richmond*, 17 F. (2d) 28 (C. C. A. 3d, 1927). Here the judge left the court room during the proceedings and entered an adjoining court room to hear another case. The examination of petitioner was performed by the court clerk.

47. *United States v. Leles*, 227 Fed. 189 (N. D. Cal. 1915).

48. *United States v. Nisbet*, 168 Fed. 1005 (W. D. Wash. 1909). Here the court allowed depositions under Section 10, whereas the witnesses did not qualify under this section, being residents of the state of naturalization court.

49. *United States v. Olachea*, 293 Fed. 819 (D. Nev. 1923).

tive. These cases impose harsh requirements upon the petitioner for it makes him liable for errors beyond his power of control. Fortunately, the problem has more or less vanished because, under a 1926 amendment, there is no necessity for examination of petitioner nor his witnesses in open court where they have been examined by a Bureau representative who has recommended to the court that they be admitted.<sup>50</sup>

#### e. *Deviations From Time Requirements*

Adherence to the time requirements imposed upon aliens by the Act<sup>51</sup> have been, as a general rule, rigidly enforced. Thus, it has been held that the failure to wait two years between the date of the declaration of intention and the date of filing of the petition renders the certificate issued thereunder illegally obtained.<sup>52</sup> The same result was reached where the failure consisted in allowing more than seven years to expire between the time of declaration and filing of petition,<sup>53</sup> and this even though the lapse of time was due to innocent errors by the applicant.<sup>54</sup> This rule was held applicable even though the declaration of intention had been filed prior to the passage of the present act.<sup>55</sup> *United States v. Salomon*,<sup>56</sup> moved to a great extent by the particular facts of the case, held that it was not a fatal defect where the court clerk erred in failing to allow ninety days to expire between date of petition and date of hearing. Examined in the light of the importance of the ninety-day period (it is important in that it gives the Naturalization Bureau a chance to examine the petitioner's qualification), the case seems clearly out of line with the general rule.

#### f. *Failure to File Certificate of Arrival*

Failure to file the certificate of arrival as a part of the petition<sup>57</sup> has been held to render the certificate of citizenship illegally procured.<sup>58</sup> This has been extended to cover the situation where, by a *nunc pro tunc* order, the court has permitted the petitioner to attach it to the petition at the hearing.<sup>59</sup> The result is not surprising, for the certificate of arrival gives the Naturalization Bureau a chance to investigate the applicant. However, where this required information is supplied by other papers, it would seem that the courts should permit the *nunc pro tunc* order to suffice.<sup>60</sup>

#### g. *Other Situations*

Under the Act of 1906, the applicant had to renounce allegiance to all foreign governments, and particularly, by name, to the head of the govern-

50. 44 STAT. 709 (1927), 8 U. S. C. A. § 399a (Supp. 1939).

51. Sec. 4 (1) and (2).

52. *United States v. Van Der Molen*, 163 Fed. 650 (W. D. Mich. 1908). Although the petition was filed prior to the expiration of the two-year period, hearing on it was not had until two-year period had elapsed. Naturalization court felt that this two-year period was to run from date of declaration to date of hearing. This was held "illegally procured."

53. *United States v. Lecka*, 7 F. (2d) 380 (D. Tenn. 1924).

54. *United States v. Mueller*, 246 Fed. 679 (C. C. A. 8th, 1917). Here applicant filed his petition twice, but on both occasions he was in the wrong jurisdiction.

55. *United States v. Morena*, 245 U. S. 392 (1918).

56. *United States v. Salomon*, 231 Fed. 928 (C. C. A. 5th, 1916).

57. Sec. 4 (2).

58. *United States v. Maney*, 278 U. S. 17 (1928); *United States v. Ness*, 245 U. S. 319 (1917); *United States v. Vujnovic*, 12 F. Supp. 208 (W. D. N. Y. 1935); *United States v. Starnack*, 6 F. (2d) 334 (W. D. Wash. 1925).

59. *United States v. Maney*, 278 U. S. 17 (1928).

60. 40 CONG. REC. 7036, 7037 (1906). Here it is stated that the most important reason for requiring the certificate of arrival is to establish the date of arrival to prevent persons from taking advantage of the position of aliens entering prior to their attaining the age of eighteen.

ment of which he was then a citizen.<sup>61</sup> Owing to errors by court clerks, several applicants renounced specifically to the wrong government in their declarations of intent.<sup>62</sup> The oath, however, was correctly made at the hearing. Faced with the possibility that to rule that these certificates were illegally procured would mean that every time an alien's present government would change, either by war or by death, the alien would have to re-declare, the courts ruled that these certificates were valid. The rationale was that the declaration of intent merely contemplated a future act and the doing of the act, in a correct manner, remedied the defect.<sup>63</sup> Under a recent amendment, the renunciation must be merely to "any foreign prince, potentate, state, or sovereignty . . ." (Italics supplied).<sup>64</sup>

In *United States v. Gulliken*<sup>65</sup> the court allowed the petitioner to substitute a witness for one of his prior witnesses who had been ruled incompetent. This change occurred at the hearing on the petition. The applicant, in *United States v. Erickson*<sup>66</sup> changed a witness prior to the hearing. In neither case were the affidavits sent to the Bureau of Naturalization. The former case allowed cancellation; the latter refused it. Factually, however, the cases can be reconciled, for in the *Erickson* case the authorities had ample time to investigate the qualifications of the witness, whereas the other case presented no such opportunity since the change occurred at the hearing.

*United States v. Olsen*<sup>67</sup> presents a novel situation. After making affidavits to the effect that they felt that the petitioner was fully qualified for citizenship, the witnesses modified this at the hearing by saying that he was qualified in all respects save one, i. e., he had participated in a strike. After a thorough investigation, the naturalization judge felt that their opinion concerning the alien's qualifications was founded on hearsay and therefore the applicant should be admitted. Cancellation was permitted, the court ruling that the testimony of the witnesses must be unequivocal, unless their reasons for qualifying the testimony is entirely groundless or whimsical. The rule seems to set up a factual test, and, since the naturalization court found as a fact that the grounds for the qualified statement were groundless, the result in this case seems contradictory to the rule they advocate.

## II. "FRAUDULENTLY PROCURED"

Although the cases often fail to draw a clear line between "illegally procured" and "fraudulently procured", there is a rather clear distinction underlying these cases. A certificate is illegally procured where the defect was either in the failure of the applicant or the court to follow the technical requirements of the statute, or where, after complete disclosure of all facts, the court has "erred" in its fact finding or has applied the wrong law. The fraud cases, on the other hand, are cases where the applicant intentionally deceived the court by lying, or where he, intentionally or unintentionally, misrepresents certain facts or fails to present certain required facts to the court.

61. Sec. 2 (3).

62. *United States v. Orend*, 221 Fed. 777 (W. D. Pa. 1915); *United States v. Viaropoulos*, 221 Fed. 485 (W. D. Pa. 1915).

63. *Id.* at 492.

64. 53 STAT. 844 (1939), 8 U. S. C. A. § 381 (Supp. 1939).

65. *United States v. Gulliken*, 244 Fed. 727 (C. C. A. 8th, 1917).

66. *United States v. Erickson*, 188 Fed. 747 (W. D. Mich. 1910).

67. *United States v. Olsen*, 272 Fed. 706 (W. D. Wash. 1921).



*a. Intentional Misrepresentation and Non-disclosure of Facts*

Where the applicant intentionally fails to present facts, or intentionally misrepresents facts, the courts usually allow cancellation, even though a full and honest disclosure would not have made the applicant ineligible.<sup>68</sup> Typical cases are: (a) where the applicant was guilty of a crime or conduct not consistent with his statement that he was a man of good moral conduct,<sup>69</sup> (b) where the applicant falsely stated that he was not married,<sup>70</sup> or that he was not a believer in polygamy whereas he was then practicing it,<sup>71</sup> (c) where he misrepresents information, such as address, name, etc.<sup>72</sup> Several cases have arisen involving applicants who, although professing belief in our government, were anarchists.<sup>73</sup> It is interesting to note that in these cases involving alien anarchists and alien polygamists the courts have always placed them on grounds of fraud, although both types of aliens are specifically excluded under the act.<sup>74</sup>

*b. Subsequent Acts as Evidence of Prior Mental State*

To prevent the acquisition of citizenship where the alien merely wished to acquire the status and then return to his native country, Section 15 provided that, "If any alien who shall have secured a certificate of citizenship under the provisions of this chapter shall, within five years after the issuance of such certificate, return to the country of his nativity, or go to any other foreign country, and take permanent residence therein, it shall be considered prima facie evidence of a lack of intention on the part of such alien to become a permanent citizen of the United States at the time of filing his application for citizenship, and, in the absence of countervailing evidence, it shall be sufficient in the proper proceedings to authorize the cancellation of his certificate of citizenship as fraudulent . . ." This section has been interpreted as rule of evidence and not a matter of substantive rights,<sup>75</sup> and is a rebuttable presumption.<sup>76</sup> The cases have, as a general rule, refused cancellation except in clear cases.<sup>77</sup> The case of *United States v. Knight*<sup>78</sup>

68. *United States v. Marcus*, 1 F. Supp. 29 (D. N. J. 1932). In *United States v. Saracino*, 43 F. (2d) 76 (C. C. A. 3d, 1930), the court cancelled the certificate as fraudulently procured even though the fraud was at a preliminary hearing and not in open court.

69. *United States v. Mancini*, 29 F. Supp. 44 (W. D. Pa. 1939); *United States v. Raverat*, 222 Fed. 1018 (D. Mont. 1915); *United States v. Etheridge*, 41 F. (2d) 762 (D. Ore. 1930). In the last-named case, the applicant attempted to argue that since the alleged crime had occurred prior to the five-year period, it was not fraud. The court said it must be presented with all the facts in order that it may ascertain the question of whether, for a five-year period preceding citizenship, the applicant was a man of good moral conduct.

70. *United States v. Rutman*, 27 F. Supp. 891 (S. D. N. Y. 1939) (common-law marriage); *United States v. Marcus*, 1 F. Supp. 29 (D. N. Y. 1932).

71. *United States v. Kichin*, 276 Fed. 818 (E. D. Mo. 1921).

72. *United States v. Perez*, 29 F. Supp. 888 (E. D. N. Y. 1940); *United States v. Goglia*, 21 F. Supp. 894 (S. D. N. Y. 1938); *United States v. DiBlasi*, 1 F. Supp. 28 (D. N. J. 1932).

73. *United States v. Stuppiello*, 260 Fed. 483 (W. D. N. Y. 1919); *United States v. Swelgin*, 254 Fed. 884 (D. Ore. 1918); *Olsson v. United States*, 201 Fed. 1022 (C. C. A. 8th, 1913).

74. Sec. 7. See pp. 846-847 *supra*.

75. *United States v. Luria*, 231 U. S. 9 (1913); *United States v. Grenfeld*, 34 F. (2d) 349 (S. D. Tex. 1929).

76. *Ibid.*

77. *United States v. Perrone*, 26 F. (2d) 213 (C. C. A. 3d, 1928); *Rothman v. United States*, 18 F. (2d) 577 (C. C. A. 6th, 1927); *United States v. Jurick*, 16 F. Supp. 32 (E. D. N. Y. 1936).

78. *United States v. Knight*, 291 Fed. 129 (D. Mont. 1923), *aff'd*, 299 Fed. 571 (C. C. A. 9th, 1924).

illustrates the limit to which the court will go in rebutting the presumption. Here the absence, which commenced one year after naturalization, was for a twenty year period, yet the court refused the government's petition. The court gives us a test which, although vague, will allow courts a great deal of latitude in rebutting the presumption.<sup>79</sup>

A group of cases arose after the World War in which the government argued that the sympathy shown by ex-Germans towards their former country who was then at war with the United States was evidence of their lack of complete renunciation of allegiance at the time of their naturalization and therefore fraudulent. Courts accepted this and as a result many cancellations followed.<sup>80</sup> Although not aided by any presumption here, the courts were not as lenient here as under the presumption raised by Section 15.

A dissent in *Turlej v. United States*<sup>81</sup> would restrict the applicability of subsequent acts as evidence of prior intent. Although admitting that subsequent acts were evidence, the dissent, in a case involving commission of crimes after naturalization, stated that this could not give rise to any presumption because to hold so would make the real basis for fraud "not fraud committed on the state court, but the offense committed by the applicant subsequent to his naturalization." A very recent case quoted and approved this language.<sup>82</sup>

The extension of the use of subsequent acts as evidence of prior intent has been urged in the cases involving disbelievers in our form of government. Although adhering to the general doctrine that subsequent acts may show prior state of mind,<sup>83</sup> the cases have refused to find fraud unless the facts were very clear.<sup>84</sup>

#### *c. Unintentional Misrepresentation or Concealment of Facts*

Where the applicant has innocently misrepresented or concealed facts, the courts will generally adopt a lenient attitude towards the applicant and refuse to cancel the certificate.<sup>85</sup> *United States v. Petrucci*<sup>86</sup> serves as a good example of this tendency. Petrucci remarried without divorcing his first wife and later, at the hearing, testified that he was not a believer in

79. 291 Fed. 129, 133. The court suggests a distinction between cases: (a) where there is a present intent to return not based on some future event, (b) where there is merely a present hope which is dependent upon a future state of mind. Only the second situation falls under the presumption.

80. *Schurmann v. United States*, 264 Fed. 917 (C. C. A. 9th, 1920), *aff'd per curiam*, 257 U. S. 621 (1922); *United States v. Kramer*, 262 Fed. 395 (C. C. A. 5th, 1919); *United States v. Herberger*, 272 Fed. 278 (W. D. Wash. 1921); *United States v. Damer*, 249 Fed. 989 (S. D. Wash. 1918) (thirty years intervened between naturalization and alleged acts showing prior intent); *United States v. Wursterbarth*, 249 Fed. 908 (D. N. J. 1918) (thirty-six years intervened here). Cf. *United States v. Woerndle*, 288 Fed. 47 (C. C. A. 9th, 1923).

81. *Turlej v. United States*, 31 F. (2d) 696, 699 (C. C. A. 8th, 1929).

82. *United States v. Tedesco*, 31 F. Supp. 322 (S. D. N. Y. 1940).

83. *Glaser v. United States*, 289 Fed. 255 (C. C. A. 7th, 1923), *cert. denied*, 263 U. S. 700 (1923).

84. *Rowan v. United States*, 18 F. (2d) 246 (C. C. A. 9th, 1927); *United States v. Rovin*, 12 F. (2d) 942 (E. D. Mich. 1926). Cf. *United States v. Tapolesanyi*, 40 F. (2d) 255 (C. C. A. 3d, 1930).

85. *United States v. Petrucci*, 23 F. Supp. 687 (M. D. Pa. 1938); *United States v. Vujnovic*, 12 F. Supp. 208 (W. D. N. Y. 1935). Although this unintentional concealment or misrepresentation of facts is not fraud as we have viewed it in other branches of the law, it is referred to as fraud in these cancellation cases on the theory that the failure of the applicant to reveal these facts has deprived the court of its right to recommend or reject the alien on the basis of a review of all the facts relevant to the applicant's qualifications.

86. 23 F. Supp. 687 (M. D. Pa. 1938).

polygamy. The court held it was not fraud since it was a perfectly innocent concealment, applicant being under the impression that his first marriage had been dissolved by the wife's conviction on the crime of infanticide of an illegitimate child. It is interesting to note that this result was obtained despite the fact that a complete revelation by the applicant might exclude him from citizenship because of his polygamous marriage, for, although his native land's customs considered the marriage dissolved, our rules do not recognize this type of dissolution.<sup>87</sup>

### CONCLUSION

Any suggestions towards elimination of the confusion in the illegally procured situation must depend upon consideration of policy, national or administrative. Certainly the courts should not lend a helping hand to the administrative body where its action is purely vexatious. An administrative policy, favoring the use of appeals rather than relying completely upon a direct attack under Sec. 15, would remove hardships as well as the conflict. Where the illegality consists of a failure to apply the correct law, or where it consists of a fact finding which the Bureau feels is unwarranted, the proper administrative policy should be an immediate appeal. The privilege of citizenship, once granted to an alien and cherished by him, should not be swept away from him, some twenty or thirty years later, by a court which, acting under Sec. 15, disagrees with the naturalization court's application of law or finding of fact. The remedy provided by Sec. 15 should be used only where it is a pure jurisdictional defect, i. e., where the person naturalized was excluded by the Act, or, where the illegality was the subornation of the applicant.

The fraud situation is much easier, for here there is not the problem of defining terms that we encounter in the illegally procured cases. Here, more so than in the other cases, a judicial policy based on considerations of the applicant's desirability as a citizen, can serve as a check on the hardships to the applicant whose certificate is being cancelled.

1. *Intentional frauds*: Here the tendency is to cancel the certificate even though the concealed or misrepresented fact would not have led to a denial of citizenship. This tendency might well be termed prophylactic. Its justification lies in the fact that the naturalization court should not be denied its right to examine all facts.

2. *Unintentional Concealments*: Here the situation might be cleared up by making cancellation dependent upon whether the fact, which was innocently concealed or misrepresented, would have led to denial of citizenship had it been correctly stated.

3. *Subsequent Acts as Fraud*: The tendency here is to demand a clear case in order that the government's petition be sustained. If any presumptions are to be drawn, let them be drawn by the legislature and not the courts. The competency of the subsequent act should always be regarded as merely evidence of a pre-existing state of mind and not as conclusive, for otherwise the basis of fraud becomes the subsequent act and not the misrepresentation to the court.

G. F. DiB.

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87. See cases cited *supra* notes 71 and 72.

**The Effect of a Pre-Existing Disease on the Right to Recover Under an Accident Policy or the Double Indemnity Provisions of a Life Insurance Policy \***

In their accident and double indemnity life policies, insurance companies usually undertake to insure against death or losses occurring "as a result, directly and independently of all other causes, of bodily injuries effected solely through external, violent and accidental means".<sup>1</sup> A serious problem concerning the interpretation of the words "directly and independently of all other causes" arises when an accident befalls an insured who has a pre-existing condition of disease or bodily weakness, when neither the condition nor the accident would alone have caused the death. The decisions of the courts faced with the present problem are far from harmonious, and often in outright conflict.

The problem is further complicated by an additional clause which many companies have inserted in an effort to avoid liability as a result of opinions based solely upon an interpretation of the insuring clause mentioned above. It is normally in the form of a proviso specifying that no payments will be made under the policy if the death is "the result of . . . or caused by or contributed to directly or indirectly or wholly or partially by disease or by bodily or mental infirmity".<sup>2</sup> Although this additional term was inserted in the policy in an effort to reach some consistency in the holdings of the cases, it has apparently done little more than add to the confusion.<sup>3</sup>

On each side of the controversy, there are certain well defined and uncontroverted rules of law. A brief restatement of these dogmas will help to define the present issue, and will indicate the extent of the problem. In the first place, it is evident that if the disease, and not the accident, was the proximate or substantial cause of the death of the insured, there can be no recovery under these clauses since death would not then be caused by the accident directly and independently of all other causes.<sup>4</sup> On the other hand, if the accident caused the death independently of the disease, it is an equally obvious proposition that the insurance company should be held liable on its contract.<sup>5</sup> A third situation in which the courts are unanimous in their holdings arises when the accident causes a disease which was *not* present in the insured before the accident, and which in turn causes the death or disability under the policy. The courts have regarded this as a direct chain of

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\* This paper proceeds upon the assumption that the original injury is caused by accidental means. For a discussion of the problem of determining whether the injury is caused by an accident see Note (1930) 78 U. OF PA. L. REV. 762.

1. Although the terms of the policy issued by various companies may vary, this provision is a representative one. It is the insuring clause as issued by the Prudential Insurance Company. See *Kelly v. Prudential Life Ins. Co.*, 334 Pa. 143, 145, 6 A. (2d) 55, 56 (1939). For the standard form of policy in New York, see N. Y. INS. LAW (1939) § 155 (life insurance), § 164 (accident and health insurance).

2. This is the proviso as it is stated in the policy of the Metropolitan Life Insurance Co., which was litigated in *Budzinsky v. Metropolitan Life Ins. Co.*, 287 Mich. 495, 497, 283 N. W. 662, 663 (1939), *rev'd on rehearing*, 287 Mich. 495, 286 N. W. 842 (1939).

3. See p. 856 *infra*.

4. *Travelers' Ins. Co. v. Selden*, 78 Fed. 285 (C. C. A. 4th, 1897); *Johnson v. Aetna Life Ins. Co.*, 24 Ga. App. 431, 101 S. E. 134 (1919); *Prudential Ins. Co. v. Gaines*, 271 Ky. 496, 112 S. W. (2d) 666 (1938); *Frerichs v. London & Lancashire Indem. Co.*, 169 La. 182, 124 So. 821 (1925); 5 COUCH, CYC. OF INS. LAW (1929) 4005; VANCE, INSURANCE (2d ed. 1930) 880.

5. *Clarke v. New Amsterdam Cas. Co.*, 180 Cal. 76, 179 Pac. 195 (1919); *National Life & Acc. Ins. Co. v. Upchurch*, 57 Ga. App. 399, 195 S. E. 588 (1938); *Home Ben. Ass'n v. Smith*, 16 S. W. (2d) 357 (Tex. Civ. App. 1929); *Aetna Life Ins. Co. v. Hicks*, 23 Tex. Civ. App. 74, 56 S. W. 87 (1900); see *Michener v. Fidelity & Cas. Co.*, 200 Ia. 476, 478, 203 N. W. 14, 15 (1925).

causation set in motion by the accident, and have therefore held the companies liable without any hesitation.<sup>6</sup> These, then, are the firmly established rules, but as soon as the operative facts of the particular case are carried beyond their limits, the present issue is presented squarely.

The first time that an American court was clearly faced with this problem was in the case of *National Masonic Accident Ass'n v. Shryock*,<sup>7</sup> which has since gained recognition as a leading case for the doctrine that there can be no recovery against the insurer when the injury and disease act concurrently to cause death. In interpreting the policy, which contained the usual insuring clause with the proviso excepting the risks of disease, Judge Sanborn stated the rule in these words:

"If he [the insured] sustained an accident, but at the time it occurred he was suffering from a pre-existing disease or bodily infirmity, but he died because the accident aggravated the effects of the disease, or the disease aggravated the effects of the accident, the express contract was that the association should not be liable for the amount of the insurance. The death in such a case . . . would be caused partly by the disease and partly by the accident, and the contract expressly exempted the association from liability therefor."<sup>8</sup>

The doctrine that there could be no recovery against the insurer was apparently not limited to the situation, as in the *Shryock* case, where the policy expressly excepted disease as a risk. Subsequent cases have established the principle that there can be no recovery under the standard insuring clause alone, even when the disease clause is not included in the terms of the policy. They reason that the death in this situation could not be regarded as having been caused "solely and exclusively"<sup>9</sup> by the accident when it was brought about partly by the accident and partly by the disease.<sup>10</sup> A recapitulation shows that a slight majority of the states adhere to this rule, and deny recovery as a matter of law on these facts.<sup>11</sup>

6. *De Blieux v. Travelers' Ins. Co.*, 185 La. 620, 170 So. 14 (1936); *Malvihill v. Commercial Cas. Ins. Co.*, 221 App. 494, 224 N. Y. Supp. 644 (1927), *aff'd*, 248 N. Y. 524, 162 N. E. 510 (1928); 6 COOLEY, BRIEFS ON INSURANCE (2d ed. 1928) 5345; 5 COUCH, CYC. OF INS. LAW 4006; VANCE, INSURANCE 881, and cases there cited.

7. 73 Fed. 774 (C. C. A. 8th, 1896). To the extent that they purported to apply federal substantive law to these operative facts, all federal decisions prior to 1938 are subject to limitation under the rule of *Erie R. R. v. Tompkins*, 304 U. S. 64 (1938).

8. *Id.* at 775-776.

9. In *Hall v. General Acc. Assur. Co.*, 16 Ga. App. 66, 74, 85 S. E. 600, 604 (1915), the court pointed out that it makes no difference whether the policy is worded "independently of all other causes" or "solely and exclusively" caused by the accident. The court said: "If a cause operates to produce an effect independently of all other causes, it is the sole and exclusive cause of that effect, and the result accrues solely and exclusively from that cause."

10. *Preferred Accident Ins. Co. of New York v. Combs*, 76 F. (2d) 775 (C. C. A. 8th, 1935); *Ryan v. Continental Casualty Co.*, 47 F. (2d) 472 (C. C. A. 5th, 1931); *Kerns v. Aetna Life Ins. Co.*, 291 Fed. 289 (C. C. A. 8th, 1923); *Aetna Life Ins. Co. v. Ryan*, 255 Fed. 483 (C. C. A. 2d, 1918); *Maryland Casualty Co. v. Morrow*, 213 Fed. 599 (C. C. A. 3d, 1914); *Stanton v. Travelers' Ins. Co.*, 83 Conn. 708, 78 Atl. 317 (1910); *Crandall v. Continental Casualty Co.*, 179 Ill. App. 330 (1913); *Leland v. Order of United Commercial Travelers of America*, 233 Mass. 558, 124 N. E. 517 (1919); *Penn v. Standard Life Ins. Co.*, 158 N. C. 29, 73 S. E. 99 (1911), *petition for rehearing dismissed*, 160 N. C. 399, 76 S. E. 262 (1912); *Worley v. International Travelers' Assurance Co.*, 110 S. W. (2d) 1202 (Tex. Civ. App. 1937); *Clark v. Employers' Liability Assurance Co.*, 72 Vt. 458, 48 Atl. 639 (1900); *Cretney v. Woodmen Accident Co.*, 196 Wis. 29, 219 N. W. 448 (1928). See *Frerichs v. London & Lancashire Indemnity Co. of America*, 169 La. 182, 124 So. 821 (1929); *Thomas v. Fidelity & Casualty Co.*, 106 Md. 299, 67 Atl. 259 (1907); *North American Accident Ins. Co. v. Miller*, 193 S. W. 750 (Tex. Civ. App. 1917).

11. In addition to the cases cited note 10 *supra*, the following cases denied recovery against the insurer when the policy contained the proviso excepting the risks of dis-

A second body of authority has grown up which is the exact opposite of the above majority view. Jurisdictions advancing this proposition allow a recovery on these facts as a matter of law.<sup>12</sup> The courts advocating this theory reason that if the accident accelerates death, which otherwise might have been delayed for a considerable time, then it *must* be held to be the sole and exclusive cause of the death, despite the concurrence of the disease in causing the fatality.<sup>13</sup> Although this principle has been advocated consistently by several courts,<sup>14</sup> it has never achieved any large degree of popularity.

A sizeable number of states, although not numerically sufficient to constitute a majority, adhere to an alternative doctrine. These jurisdictions permit a recovery against the insurer under the standard insuring clause despite the presence of a disease at the time of the accident and its contribution in part to the fatal result, so long as the accident was the proximate cause of the death and the disease was no more than the remote cause.<sup>15</sup> If

case: *Mutual Life Ins. Co. of New York v. Loeb*, 107 F. (2d) 7 (C. C. A. 5th, 1939); *Brown v. Maryland Casualty Co.*, 55 F. (2d) 159 (C. C. A. 8th, 1932); *Illinois Commercial Men's Ass'n v. Parks*, 179 Fed. 794 (C. C. A. 7th, 1910); *Kellner v. Travelers' Ins. Co.*, 180 Cal. 326, 181 Pac. 61 (1919); *Binder v. Nat'l Masonic Accident Ass'n*, 127 Ia. 25, 102 N. W. 190 (1905); *De Blieux v. Travelers' Ins. Co.*, 185 La. 619, 170 So. 14 (1936); *Bouchard v. Prudential Ins. Co.*, 135 Me. 238, 194 Atl. 405 (1937); *Budzinski v. Metropolitan Life Ins. Co.*, 287 Mich. 495, 283 N. W. 662 (1939), *rev'd on rehearing*, 287 Mich. 495, 286 N. W. 842 (1939); *White v. Standard Life & Accident Ins. Co.*, 95 Minn. 77, 103 N. W. 735 (1905); *Sullivan v. Metropolitan Life Ins. Co.*, 96 Mont. 254, 29 P. (2d) 1046 (1934); *Runyon v. Commonwealth Casualty Co.*, 9 N. J. Misc. 487, 154 Atl. 397 (Sup. Ct. 1931), *rev'd*, 109 N. J. L. 238, 160 Atl. 402 (1932); *McQuade v. Prudential Ins. Co. of America*, 166 Misc. 524, 2 N. Y. S. (2d) 647 (Munic. Ct. 1938); *Railway Mail Ass'n v. Weir*, 24 Ohio App. 5, 156 N. E. 921 (1927) (but query the exact position of the Ohio court in view of the *Thrush* case *infra* note 18); *Maryland Casualty Co. v. Glass*, 29 Tex. Civ. App. 159, 67 S. W. 1062 (1902); *Mutual Benefit Health & Acc. Ass'n v. Ryder*, 166 Va. 446, 185 S. E. 894 (1936). See *Provident Life & Acc. Ins. Co. v. Campbell*, 18 Tenn. App. 452, 472, 79 S. W. (2d) 292, 304 (1934); *Aetna Life Ins. Co. v. Hicks*, 23 Tex. Civ. App. 74, 78, 56 S. W. 87, 90 (1900); 6 COOLEY, *op. cit.* *supra* note 6, at 5300.

12. *Benefit Ass'n of Ry. Employees v. Armbruster*, 217 Ala. 282, 116 So. 164 (1928); *Standard Acc. Ins. Co. v. Hoehn*, 215 Ala. 109, 110 So. 7 (1926), (1927) 25 MICH. L. REV. 803; *National Life & Acc. Ins. Co. v. Shibley*, 192 Ark. 53, 90 S. W. (2d) 766 (1936); *Fidelity & Casualty Co. v. Meyer*, 106 Ark. 91, 152 S. W. 995 (1912); *Hooper v. Standard Life & Acc. Ins. Co.*, 166 Mo. App. 209, 148 S. W. 116 (1912); *Fetter v. Fidelity & Casualty Co.*, 174 Mo. 256, 73 S. W. 592 (1903); *cf. Sturm v. Employers' Liability Assur. Corp.*, 212 Ill. App. 354 (1918); *Moon v. Order of United Commercial Travelers of America*, 96 Neb. 65, 146 N. W. 1037 (1914).

13. A typical expression of this view is found in *Fidelity & Casualty Co. v. Meyer*, 106 Ark. 91, 96, 152 S. W. 995, 997 (1912), where the court said: "The effect of this instruction [of the trial court] was to make the company liable under the contract, if the death resulted when it did on account of the aggravation of the disease from the accidental injury even though death from the disease might have resulted at a later period, regardless of the injury. We are of the opinion that that is the correct interpretation of the contract, for if the injury, by aggravating the disease, accelerated the death of the assured, then it resulted 'directly, independently and exclusively of all other causes'."

14. It is interesting to note that in every case reaching this result, the proviso excepting the risks of disease was absent. In several of the cases, there is an indication that the court might have denied liability if such a clause were present. In the only case in these jurisdictions which involved a disease clause, the court allowed a recovery, basing their reasoning on a finding that the insured was suffering from a disorder or weakness, rather than a disease. See *Pacific Mutual Life Ins. Co. v. McCombs*, 188 Ark. 52, 64 S. W. (2d) 333 (1933).

15. *Patterson v. Ocean Acc. & Guar. Corp.*, 25 App. D. C. 46 (1905); *Jones v. General Acc., Fire and Life Assur. Corp.*, 118 Fla. 648, 159 So. 804 (1935); *Hall v. General Acc. Assur. Corp.*, 16 Ga. App. 66, 85 S. E. 600 (1915); *Continental Casualty Co. v. Lloyd*, 165 Ind. 52, 73 N. E. 824 (1905); *Inter-Ocean Cas. Co. v. Wilkins*, 96 Ind. App. 231, 182 N. E. 252 (1932); *Licklieder v. Iowa State Traveling Men's Ass'n*, 184 Ia. 423, 168 N. W. 884 (1918), (1919) 3 A. L. R. 1304; *Metropolitan Life Ins. Co.*

it can be shown, however, that the disease was the substantial, or proximate cause of the fatality, a recovery can be defeated.<sup>16</sup> In substance, the jurisdictions adhering to this rule read the clause that the injury must produce death "directly and independently of all other causes" <sup>17</sup> to require that the accidental injury be the proximate cause of the loss. In other words, so long as the accident was the force that excited the disease or condition into activity so that the demise of the insured followed naturally and directly, which would not have happened but for the injury, there can be a recovery on the policy. This reasoning has been used to reach the conclusion of liability on the part of the insurer even under the familiar provision that the insurer shall not be liable for the consequences of a pre-existing disease.<sup>18</sup>

This rather cursory examination of the authorities indicates that one factor can be eliminated as irrelevant and merely adding further confusion. That is the proviso exempting losses caused directly or indirectly, in whole or part by disease. Although some of the courts which permitted a recovery against the insurer did so because there was no exception in the policy of the risks attendant to disease, and indicated by dictum that their decision would have been different if such a clause were present,<sup>19</sup> and several courts have denied recovery solely because such a clause was contained in the policy,<sup>20</sup> the better reasoned cases have indicated that the proviso should be of no practical significance.<sup>21</sup> This was emphasized in striking tones by the Eighth Circuit Court of Appeals in the case of *Kerns v. Aetna Life Ins. Co.*,<sup>22</sup> in which recovery was had on a policy not containing the proviso

v. Williams, 180 Miss. 894, 178 So. 477 (1938); United States Fid. & Guar. Co. v. Hood, 124 Miss. 548, 87 So. 133 (1921); Wheeler v. Fid. & Cas. Co., 298 Mo. 619, 251 S. W. 924 (1923); Modern Woodmen Acc. Ass'n v. Shryock, 54 Neb. 250, 74 N. W. 607 (1898), in which case the decision in National Masonic Acc. Ass'n v. Shryock, 73 Fed. 774 (C. C. A. 8th, 1896), reaching an opposite result, was criticised harshly; Langeberg v. Interstate Bus. Men's Ass'n, 57 S. D. 226, 231 N. W. 930 (1930), (1931) 26 ILL. L. REV. 344; Kearney v. Washington Nat. Ins. Co., 184 Wash. 579, 52 P. (2d) 903 (1936); Equitable Life Assur. Soc. v. Gratiot, 45 Wyo. 1, 14 P. (2d) 438, 82 A. L. R. 1411 (1932).

16. This dogma is stated most clearly in Thornton v. Travelers' Ins. Co., 116 Ga. 121, 130, 42 S. E. 287, 290 (1902).

17. See note 9 *supra*.

18. Aetna Life Ins. Co. v. Young, E. D. Pa., Feb. 14, 1940; Scanlan v. Metropolitan Life Ins. Co., 93 F. (2d) 942 (C. C. A. 7th, 1937); Miller v. Fid. & Cas. Co., 97 Fed. 836 (C. C. S. D. N. Y. 1899); Thornton v. Travelers' Life Ins. Co., 116 Ga. 121, 42 S. E. 287 (1902); Rebenstorf v. Metropolitan Life Ins. Co., 299 Ill. App. 71, 19 N. E. (2d) 420 (1939); Rieger v. Mutual Life Ins. Co., 110 S. W. (2d) 878 (Mo. App. 1937); United States Cas. Co. v. Thrush, 21 Ohio App. 129, 152 N. E. 796 (1926), (1927) 25 MICH. L. REV. 467; Lee v. N. Y. Life Ins. Co., 95 Utah 445, 82 P. (2d) 178 (1937); Browning v. Equitable Life Assur. Soc., 94 Utah 532, 72 P. (2d) 1060, rehearing denied, 94 Utah 570, 80 P. (2d) 348 (1937).

19. Standard Acc. Ins. Co. v. Hoehn, 215 Ala. 109, 110 So. 7 (1926), (1927) 25 MICH. L. REV. 803; Fidelity & Cas. Co. v. Meyer, 106 Ark. 91, 152 S. W. 995 (1912); Patterson v. Ocean Acc. & Guar. Co., 25 App. D. C. 46 (1905); Jones v. General Acc. Fire & Life Ins. Co., 118 Fla. 648, 159 So. 804 (1935); cf. Home Ben. Ass'n v. Smith, 16 S. W. (2d) 357 (Tex. Civ. App. 1929).

20. National Masonic Acc. Ass'n v. Shryock, 73 Fed. 774 (C. C. A. 8th, 1896); Binder v. Nat'l Masonic Acc. Ass'n, 127 Ia. 25, 102 N. W. 190 (1905); Budzinski v. Metropolitan Life Ins. Co., 287 Mich. 495, 283 N. W. 662, *rev'd on rehearing*, 287 Mich. 495, 286 N. W. 842 (1939); see Christianson v. Metropolitan Life Ins. Co., 102 S. W. (2d) 682, 684 (Mo. App. 1937), note however, the limitation placed on this case by Killam v. Travelers' Protective Ass'n of America, 127 S. W. (2d) 772, 779 (Mo. App. 1939).

21. Kerns v. Aetna Life Ins. Co., 291 Fed. 289 (C. C. A. 8th, 1923); Crandall v. Continental Cas. Co., 179 Ill. App. 330 (1913); Penn v. Standard Life Ins. Co., 158 N. C. 29, 73 S. E. 99 (1911), *rehearing denied*, 160 N. C. 399, 76 S. E. 262 (1912); Lee v. N. Y. Life Ins. Co., 82 P. (2d) 178 (Utah, 1939). See CORNELIUS, ACCIDENTAL MEANS (1917) 100.

22. 291 Fed. 289 (C. C. A. 8th, 1923).

exempting the risks of disease. In its opinion, the court stated that it made no difference whether the policy contained the proviso or not, saying:

"The language used in the policy before us, by limiting liability to cases of death, wherein such death is caused by accident directly and independently of all other causes, just as certainly and effectually excludes liability in a case wherein the accident co-operates with a pre-existing disease or bodily infirmity, as it would if the latter were set out in the policy."<sup>23</sup>

The logic supporting this view seems inescapable. By the stipulation that the accident should be the sole, exclusive, direct cause, independent of all other causes, the policy on its face excludes effectually any loss which is caused wholly or partly, directly or indirectly by disease, because then the accident could no longer be considered as the cause independent of all others.<sup>24</sup> The mere fact that the policy includes the specific exception, in addition to the general provisions of the insuring clause, which appear to cover the field adequately, should not be seized on as a means of finding liability on the policy, if it were not so found under the insuring clause alone.

It is submitted that the proviso is inserted in the policy simply to emphasize and clarify, by a more specific enumeration of possible causes, the language of the insuring clause to the effect that the death must result from "bodily injuries, effected directly and independently of all other causes from accidental means."<sup>25</sup> Further, the policy has reference to the *cause*, not to the *effect* of the accident.<sup>26</sup> This point is illustrated by the fact that the clause is usually associated with a series of other restrictions on the coverage of the policy stating that there will be no liability on the part of the insurer for injuries or death resulting from participation in the army or navy, or from activities in a war or riot, and so on. Since the clause is included as one of the items in this enumeration, it is reasonable to conclude, as some courts<sup>27</sup> and at least one legal writer<sup>28</sup> have done, that this is the basic reason for the insertion of the proviso into the policy.

For the present purpose, then, the clause is of no importance except in so far as it has imported further confusion into an already confused branch of law. The law can be understood more readily if the shadowy distinctions based on the presence or absence of this "redundant clause"<sup>29</sup> are overlooked, and if judicial attention is directed to an interpretation of the insuring clause alone. In the subsequent discussion, therefore, this clause will uniformly be treated as surplusage. With this point clear, the investigation of the authorities can proceed.

There are many cases in which a strict adherence to the majority rule would work a substantial hardship on the beneficiaries, for, by a rigorous

23. *Id.* at 292.

24. In this connection, note the language of the Utah court in *Lee v. N. Y. Life Ins. Co.*, 82 P. (2d) 178 at 178 (1939): "It is evident that if the death of the insured resulted 'directly and independently of all other causes from bodily injury effected solely through external, violent and accidental cause' then it could not have resulted from 'physical or mental infirmity; or directly or indirectly from illness or disease of any kind'."

25. *De Bliex v. Travelers' Ins. Co.*, 185 La. 620, 170 So. 14 (1936).

26. *Carr v. Pacific Mut. Life Ins. Co.*, 100 Mo. App. 602, 75 S. W. 180 (1903); *Clark v. Employers' Liab. Assur. Co.*, 72 Vt. 458, 48 Atl. 639 (1900); 6 COOLEY, *op. cit. supra* note 6, at 5299, 5344. *Contra*: *Winspear v. The Accident Ins. Co.*, 6 Q. D. D. 42 (1880); *Lawrence v. The Accident Ins. Co.*, 7 Q. B. D. 216 (1881). The latter case was expressly disapproved of in the case of *Carr v. Pacific Mut. Life Ins. Co.*

27. *Rieger v. Mutual Life Ins. Co. of N. Y.*, 110 S. W. (2d) 878 (Mo. App. 1937).

28. CORNELIUS, *ACCIDENTAL MEANS* (1917) pp. 27-35, has a complete discussion of the early authorities on this point.

29. As it was dubbed by CORNELIUS, *id.* at 100.



application of its requirements, they would be deprived of all payments under the policy. The courts have naturally been reluctant to strip the dependents of the insured of the benefits of his policy, thus making the policy worthless in many cases where an injury resulting from an accident was the efficient cause of death. This feeling of reluctance has been manifested in the holdings of several states, which, though purporting to apply the majority rule, relax considerably the harshness of its application.

The first of these modifications is to be found in Massachusetts. The courts of that commonwealth profess to follow the majority view but have in fact modified it so that they will not permit recovery against the insurer when the insured had a *disease* at the time of the accident, and the injury merely aggravated it. If, however, there was only a *weakness* present from a former affliction with a disease from which the insured had apparently made a complete recovery, the fact that the accidental injury caused a return of the same disease or caused an illness to settle in the region of the weakness would not preclude a recovery.<sup>30</sup> Thanks to this amelioration of the normal Massachusetts-majority rule, the courts of that commonwealth are not in the embarrassing position of having to turn down what are *prima facie* valid claims by needy beneficiaries.

A second and similar modification of the majority view is made in New York. Normally that state adheres to the majority view and all of its consequences.<sup>31</sup> Mr. Justice Cardozo, however, made an inroad into the scope of the rule by insisting on a narrow definition of the word "disease". In the case of *Silverstein v. Metropolitan Life Insurance Co.*,<sup>32</sup> he decided that an ulcer was not a disease and thus not one of the causes of death. In reaching that conclusion, he said in part:

"A distinction, then, is to be drawn between a morbid or abnormal condition of such quality or degree that in its natural and probable development it may be expected to be a source of mischief, in which event it may fairly be described as a disease or infirmity, and a condition abnormal or unsound when tested by a standard of perfection, yet so remote in its potential mischief that *common speech would call it not disease or infirmity*, but at most a predisposing tendency."<sup>33</sup> (Italics added.)

As has been the case with many Cardozo pronouncements, this view has been adopted and followed by courts which otherwise might have followed the majority view.<sup>34</sup> The result of an application of this theory is that

30. *Freeman v. Mercantile Mut. Accident Ass'n*, 156 Mass. 351, 30 N. E. 1013 (1892); see *Leland v. Order of United Commercial Travelers of America*, 233 Mass. 558, 564, 124 N. E. 517, 520 (1919). Accord: *New Amsterdam Casualty Co. v. Shields*, 155 Fed. 54 (C. C. A. 6th, 1907). See *Barnett v. John Hancock Mut. Life Ins. Co.*, 24 N. E. (2d) 662 (Mass., 1939). In *Sullivan v. Metropolitan Life Ins. Co.*, 96 Mont. 254, 29 P. (2d) 1046 (1934), after holding that there could be no recovery because a pre-existing disease contributed to death, quoted extensively from the Massachusetts cases and said by way of dictum: "Under the particular policy provision [usual insuring clause and the redundant clause] here considered, if there was no active disease but merely a frail general condition, so that the powers of resistance are easily overcome, or merely a tendency to disease which is started up and made operative, resulting in death, then there may be recovery, even though the accident would not have caused that effect upon a person in a normal state."

31. *McQuade v. Prudential Ins. Co. of America*, 166 Misc. 524, 2 N. Y. S. (2d) 647 (Munic. Ct. 1938).

32. 254 N. Y. 81, 171 N. E. 914 (1930).

33. *Id.* at 84, 171 N. E. at 915.

34. *Railway Mail Ass'n v. Shrader*, 19 N. E. (2d) 887 (Ind. App. 1939); *Police & Fireman's Ins. Co. v. Blunk*, 20 N. E. (2d) 660 (Md. App. 1939); *Mair v. Equitable Life Assur. Soc.*, 193 Minn. 565, 259 N. W. 60 (1935); *Berkowitz v. N. Y. Life Ins.*

recovery can be had against the insurer either because there was no disease at all, or because the pre-existing condition was not such a force as contributed to death so as to prevent a recovery under the "sole" clause.

The Massachusetts and New York rules are justifiable on at least one very important ground. There are many instances in which an infirmity of some degree either contributes to death or has reduced the resistance of the insured to such a state that death is more likely to result from an accident, but in which the infirmity is simply an incident of advancing age. A typical example of this is arteriosclerosis, or hardening of the arteries, which is a common occurrence with elderly persons. Since it is a normal, or at least not an abnormal condition, it can well be argued that this is one of the risks in the purview of the parties when they entered into the contract of insurance, and therefore should not be considered as a cause of sufficient magnitude to prevent the accident from being the sole cause of death.<sup>35</sup> It cannot be disputed that there is respectable authority denying a recovery when death is hastened by such a sclerotic condition,<sup>36</sup> but it is submitted that the preferable rule would permit a recovery despite the hardened arteries or whatever the condition—so long as it is not abnormal, considering the age of the insured, for him to be suffering from such a condition. Any other reasoning would close the door of recovery to the beneficiaries of nearly every policy held by an insured, beset by the bodily weaknesses that accompany advancing years, who was not killed instantly by the accident.<sup>37</sup>

Although there may be some doubt as to the exact status of the Pennsylvania law, it seems to conform to the modifications just discussed. Because the exact condition of the Pennsylvania law is not too clear, a brief survey of the more important cases appears to be in order. The first definite statement of Pennsylvania's position on this problem was made in *Kelley v. Pittsburgh Casualty Co.*<sup>38</sup> There, the insured carried an accident policy in which the company agreed to pay benefits for losses which resulted "directly and independently of all other causes" from the accident.<sup>39</sup> He slipped on ice, and so twisted his body that adhesions from a prior operation were

Co., 256 App. Div. 324, 10 N. Y. S. (2d) 106 (1939); *Gyulai v. Prudential Life Ins. Co.*, 135 Pa. Super. 82, 4 A. (2d) 824 (1939); *Browning v. Eq. Life Assur. Soc.*, 72 P. (2d) 1060, *rehearing denied*, 80 P. (2d) 349 (1939). These cases are by no means an exhaustive enumeration, but they are a representative cross-section of the cases which have been decided under the influence of the Cardozo rule.

35. In *United States Casualty Co. v. Thrush*, 21 Ohio App. 129, 135, 152 N. E. 796 (1926), the Ohio court expressed this thought in these words: "To hold that the insurance company, by the issue of its policy, intended to adopt the view that the policy would not be valid where natural diseases, especially of old age, make serious results more probable from accidents, would be an unfair and unreasonable interpretation. . . . The company intended a reasonable scope of insurance, and this can be accomplished by holding the company liable for accidents which, operating on the physical system, according to the natural and usual conditions of age produce serious illness or death."

36. Especially interesting in this respect is the recent case of *Budzinski v. Metropolitan Life Ins. Co.*, 287 Mich. 495, 283 N. W. 662 (1939), *rev'd on rehearing*, 287 Mich. 495, 286 N. W. 842 (1939). In this case, the Michigan court first allowed recovery in a four to three opinion, and on rehearing reversed its former decision, adopting the prior dissent as its opinion. In a strong dissent, Chandler, J., pointed out that the court was overruling a long line of cases allowing a recovery. The exact position of the Michigan court, however, is doubtful because there was evidence that the insured was suffering from arteriosclerosis which was marked for a man of his age.

37. The court in *Freeman v. Mercantile Mut. Acc. Ass'n*, 156 Mass. 351, 354, 30 N. E. 1013 (1892), which is the leading case for the Massachusetts view remarked: "To adopt the view contended for by the defendant [insurance company] would be to make the policies worthless to beneficiaries in many cases of death where an injury resulting from an accident was the efficient cause."

38. 256 Pa. 1, 100 Atl. 494 (1917).

39. The policy did not contain the "redundant clause".

loosened. A second operation, and a period of disability resulted from this, for which he sought a recovery. In a *per curiam* opinion, the Supreme Court adopted the reasoning of the county court's decision on a motion for judgment n. o. v.—that if the jury found that the adhesions would have given the insured no trouble in the absence of the accident, and that the accidental injury aggravated the disease so that death came sooner than it would have otherwise, then the accident would be the sole cause of death. The court defined the "sole and exclusive cause" to be the proximate cause.

After establishing this broad proposition, allowing a recovery if the accident were the proximate cause of the death, and the disease only the remote cause, the Court retreated to a diametrically opposed position in a series of three cases. In the first of these, *Hesse v. Travelers' Insurance Co.*,<sup>40</sup> the Court decided that death on the operating table because of the patient's hypersusceptibility to the anæsthetic used was not one of the risks covered by the policy since the administering of the anæsthetic was not accidental, but intentional; and since the effective cause of death was the patient's oversensitivity to the anæsthetic, which was a contributing cause of death so that the death could not have resulted independently of it.<sup>41</sup> In a vigorous dissent concurred in by Justices Kephart and Sadler, Mr. Justice Frazer pointed out that the unexpected result of the administration of the anæsthetic should be regarded as accidental, and that therefore the administering of the drug was the proximate cause of death, since without that unexpected event, the insured would probably have lived on for many years.<sup>42</sup> The next retreating step came in *Ewing v. Equitable Life Assurance Society*.<sup>43</sup> In that case, the insured sought recovery under his accident policy for loss resulting from the recurrence of a nervous disorder which was precipitated by an automobile accident. The Court denied recovery because "the recurrence of the disabling nervous condition was almost entirely due to plaintiff's existent condition and the . . . accident was at most the precipitating cause".<sup>44</sup> The Court relied on the *Hesse* case on the ground that in both cases the unusual condition of the insured was the cause of the loss.<sup>45</sup> The cycle of retreat was completed in *Arnstein v. Metropolitan Life Ins. Co.*<sup>46</sup> The Supreme Court there was bound by the lower court's finding of fact that the disease did not contribute to death, but said by way of dictum:

"Had the death resulted from the combination of the injury and diabetes, and not from the injury alone, then, even though the injury were the proximate and the diabetes merely the remote cause, there would be no liability under the policy."<sup>47</sup>

40. 299 Pa. 125, 149 Atl. 96 (1930).

41. For a discussion of this, and related cases, on the question of accidental means see Note (1930) 78 U. OF PA. L. REV. 762. Cf. especially *Mutual Life Ins. Co. v. Dodge*, 11 F. (2d) 486 (C. C. A. 4th, 1926), *cert. denied*, 271 U. S. 677 (1926).

42. The dissenting opinion also relied on the absence of the "redundant clause", but as has been indicated *supra*, this fact should be of little consequence.

43. 320 Pa. 577, 182 Atl. 369 (1936).

44. *Id.* at 580, 182 Atl. at 370.

45. The court distinguished the *Kelley* case on the ground that there was no exception of the risks of disease in the policy litigated in that case, while the redundant clause was present in this case. This distinction does not seem tenable, but the court might have made a more substantial distinction on the ground that Ewing's affliction prior to the accident was much more malignant than the physical condition of the insured in the *Kelley* case. *Ibid.*

46. 329 Pa. 158, 196 Atl. 491 (1938).

47. *Id.* at 161, 196 Atl. at 493.

This dictum, then, marks a complete reversal of the field so that the *Kelley* case, although not directly overruled, could hardly be regarded as a statement of the Pennsylvania law.

But the doctrine of the *Kelley* case was not dead. It arose again during the past year in *Kelly v. Prudential Life Insurance Co.*<sup>48</sup> In that case, Mr. Justice Maxey, speaking for a unanimous court, adopted the reasoning of the original *Kelley* case, and quoted extensively from it. In so doing, however, he indicated that the *Ewing* and *Arnstein* cases were still good law.<sup>49</sup> The implication of this statement is that the court intends to restrict the reincarnated *Kelley* doctrine to the facts of the recent case. In other words, recovery would be allowed where the pre-existing condition was simply a normal incident of advancing age, such as arteriosclerosis in a degree not disproportionate to the age of the insured—as was the situation in the *Kelly* case; but the recovery would be denied if the disease was abnormal or malignant in its nature. If this is the path that the Pennsylvania courts intend to follow in the future, it is practically synonymous with the position of the Massachusetts courts and the New York courts under the Cardozo rule in the *Silverstein* case.

Of all the judicial positions that have been taken on this question, it is submitted that this is the nearest approach to a fulfillment of the intentions of the parties at the time the contract of insurance was made. Since the courts are interpreting a contract when they are faced with this problem, the intention of the parties should be their guiding star. On the one hand, the terms in the policy to the effect that the accident should be the sole, exclusive cause, independently of all other causes must be accorded some meaning—and they can best be applied to the situation in which a disease, which is clearly recognizable as such, co-operates to cause the death. A striking example of this is found in the recent case of *Mutual Life Insurance Co. v. Loeb*,<sup>50</sup> decided by the Fifth Circuit Court of Appeals. Prior to the accident, the insured had been receiving benefits for total disability from chronic nephritis, arteriosclerosis, arthritis and diabetes. As a result of the accident, an infection arose, which, because of the various diseases with which the insured was afflicted caused death. The court denied recovery, and rightly so despite the fact that the applicable Georgia law might possibly be interpreted as sanctioning a recovery.<sup>51</sup> That the injury could be the "sole and exclusive cause" of death<sup>52</sup> when the insured is debilitated by such a galaxy of ailments seems inconceivable. It is equally inconceivable that the parties, in drawing up the contract of insurance, contemplated payment of accident or double indemnity benefits under these circumstances.

On the other hand, a careful study of the intent of the parties would invariably disclose that the mutual intent was not to preclude a recovery because the effect of the accident upon some bodily weakness, not enough in and of itself to be regarded as a disease, was to cause death more quickly.<sup>53</sup> The insurer should not escape liability because one of the ail-

48. 334 Pa. 143, 6 A. (2d) 55 (1939).

49. *Id.* at 152, 6 A. (2d) at 59.

50. 107 F. (2d) 7 (C. C. A. 5th, 1939).

51. *Hall v. General Acc. Assur. Co.*, 16 Ga. App. 66, 85 S. E. 600 (1915); *Thorn-ton v. Travelers' Life Ins. Co.*, 116 Ga. 121, 42 S. E. 287 (1902).

52. This proposition would seem to be true regardless of the redundant disease clause. The court in the *Loeb* case seized upon the presence of the proviso as a basis for distinguishing it from the prior Georgia cases which the court would be bound to follow under the rule of *Erie R. R. v. Tompkins*.

53. A typical judicial expression of this thought can be found in *Druhl v. Equitable Life Assur. Co.*, 56 N. D. 517, 524, 218 N. W. 220, 223 (1928): "It does not seem reasonable to believe that, when the parties spoke of 'physical infirmity' [in a policy con-

ments which conventionally accompany advancing age happens to make an elderly insured more susceptible to the evil consequences of an accidental injury, and this is especially so when the insurer accepts premiums from an insured who is advanced in years.<sup>54</sup> If the insurer could thus avoid liability on the double indemnity or accident policy whenever senility and its resultant physical decadence appears, almost every policy would be valueless to the beneficiaries unless the force of the accident killed the insured instantly. The same considerations apply when the insured, whether old or young, has a pre-existing tendency to disease, which cannot be classified as a disease or infirmity, but which is set in motion by an accident, and which aggravates the effects of the accident. This was expressed most recently in a dictum in *Barnett v. John Hancock Mutual Life Insurance Co.*<sup>55</sup> The Massachusetts court after deciding that death was caused entirely by the accident, went on to indicate that if the insured merely had pneumonia germs in his body at the time of the accident, and his resistance was so lowered by the accident that the germs became active and developed into pneumonia which caused death, the jury would be warranted in finding that the loss was within the policy's coverage.<sup>56</sup> This reasoning is not only appealing, but convincing.

There is one difficulty which persists under the New York-Massachusetts view. That is the problem of determining when the insured is suffering from a disease which would preclude recovery when it concurs with the accident in causing death, as distinguished from a mere weakness which would not bar a recovery even though it joined with the force of the accident in causing death. The Cardozo test that the "disease or infirmity must be so considerable or significant that it would be characterized as a disease or infirmity in the common speech of men"<sup>57</sup> is helpful, but involves a fundamental difficulty. It is a legal test of the existence of a scientific fact which is plainly in the realm of medicine. Since the legal test as to the existence of this scientific fact is prone to err, the test is not sufficiently reliable. A more logical approach, it is submitted, would be to make the question of the degree of the affliction one for the jury to decide upon the basis of expert medical testimony presented to them. Such a procedure, when used in conjunction with the modifications of the majority rule as laid down in New York and Massachusetts, would provide a fair and equitable answer to this most perplexing problem since it would effectuate the intent of the parties to the insurance contract and at the same time would allow a recovery by the beneficiaries without a disproportionate burden on the insurer in these borderline cases.

A. H., Jr.

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taining the disease proviso] they had in mind any slight derangement, malformation or susceptibility to disease, of which the insured was ignorant, which even the medical examiner of the company did not discover, and which probably no other physician would have discovered. . . . It seems reasonable to believe that by the term 'physical infirmity' the parties had in mind *settled disease, ailments, or derangements* of such nature and character as had a direct tendency to weaken and undermine the constitution of the insured, reduce his powers of resistance, and thereby enhance the risk of death in case of injury."

54. *Clarke v. New Amsterdam Cas. Co.*, 180 Cal. 76, 179 Pac. 195 (1919); *Moon v. Order of United Commercial Travelers of America*, 96 Neb. 65, 146 N. W. 1037 (1914).

55. 24 N. E. (2d) 662 (Mass., 1939).

56. *Id.* at 664.

57. *Silverstein v. Metropolitan Life Ins. Co.*, 254 N. Y. 81, 84, 171 N. E. 914 (1930).

### Trade Mark Protection Following "Ineffective" Assignment

It has been traditionally supposed that the primary, and in fact the only, function of a trade mark<sup>1</sup> is to indicate to the public the origin, manufacture or ownership of articles to which it is applied.<sup>2</sup> In connection with this particular function, the old dogma that trade marks cannot be transferred in gross, i. e. apart from the business in which they are used,<sup>3</sup> has been perfectly properly applied. Yet the modern expansion of this narrow conception of the purpose of a trade mark is evidenced, in one way, by the gradual development of the guaranty function, wherein a trade mark may be regarded as a guaranty to the public of the quality of the goods to which it applies. Under this theory, it would seem that any change in origin or ownership would not affect the value of the trade mark, and that the dogma against assignability in gross, if applicable at all, would take on a different meaning. Such a conclusion logically follows when it is remembered that, basically, the dogma represents an effort to protect the public from being defrauded into buying one thing while intending to buy another. Thus where the trade mark represents origin of the goods the dogma should properly apply to prevent its assignment without also assigning the source of the goods. But where the trade mark indicates only goods of a certain quality, it seems that the sole requirement is that it continue to be applied to goods of the same kind and quality. Whether this is denying the applicability of the dogma or merely tempering its meaning is only a matter of words.

Unfortunately, however, the meaning of the dogma did not undergo changes coextensively with the development of the varying purposes of the trade mark, and often it was applied with its original force unmitigated regardless of the function of the particular mark involved, producing harsh results in many cases. So, although a trade mark apparently had a real value for which the would-be assignee was willing to pay, and although the mark could be used by such assignee without deceiving the public, he was denied all protection in case of infringement, to the detriment of his property rights and to the further fraud of the public. Often the assignor would have no better right to protect the mark, the theory being that he had abandoned all his rights by the attempted assignment, the mark thereafter being regarded as *publici juri*. Such a state of affairs, if persisted in, opens a wide field within which the so-called business pirate can, with impunity, seize the trade insignia of others and capitalize on the reputation built up by them through dint of much labor and expense.<sup>4</sup>

Sometimes a trade mark might not even be an index of quality, arising solely through extensive advertising, forming in customers the habit of asking for the particular article by name, not because it is better than any other, but merely because they happen to know the name. An exclusive right to the use of such a name or mark is in protection of expenses laid out in advertising only, and whether or not such a right should be recog-

1. As used throughout this note, "trade mark" is intended to include "trade name" as well. Such differences as there are between the two do not affect the present discussion. For distinguishing features see NIMS, UNFAIR COMPETITION AND TRADE-MARKS (3d ed. 1929) 518, 523.

2. See *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 412 (1916); *Kidd v. Johnson*, 100 U. S. 617, 620 (1879); NIMS, *op. cit. supra* note 1, 502 *et seq.*; 5 POMEROY, EQUITY JURISPRUDENCE (4th ed. 1919) § 1998.

3. See *Everett O. Fisk & Co. v. Fisk Teachers' Agency*, 3 F. (2d) 7, 8 (C. C. A. 8th, 1924); *United Razor Blade Corp. v. Akron Drug Co.*, 52 Ohio App. 379, 392, 3 N. E. (2d) 902, 907 (1935); NIMS, *op. cit. supra* note 1, at 66 *et seq.*

4. See Isaacs, *Traffic in Trade-Symbols* (1931) 44 HARV. L. REV. 1210.

nized for the good of the public is a further policy consideration. But the cases in general seem to fall under one of two main headings, those involving personal service concerns and those involving mercantile establishments. Yet, even though a personal service concern normally depends exclusively upon the skill and professional qualities of its leaders, there seems to be no real reason for treating the two groups as basically different. In case of assignment of the insignia of a personal service organization, deception of the public is readily avoided by indicating the survivorship or change of personnel.<sup>5</sup>

#### BASIS OF EQUITY JURISDICTION

The leading case of *Falk v. American West Indies Trading Co.*<sup>6</sup> serves as an appropriate illustration on which to base further discussion. Therein, *L*, cigar manufacturer, on going out of business purported to assign to *P*, plaintiff, the right to use the trade mark "El Falcon" in his own business established at a different place. *P*'s suit for an injunction against infringement by *D*, who had adopted and used the name "El Falco" on his cigars, was denied, apparently on the ground that the trade mark as used by *L* distinguished a cigar manufactured by himself, and use by *P* could amount only to selling his own goods as those of another in fraud of the public. The precise basis of the decision was befogged by language in the opinion to the effect that a trade mark is an inseparable part of the business and good will with which it has been associated, and that an attempted transfer of the "naked trade mark" confers no rights upon the assignee.<sup>7</sup> Thus, whether lack of clean hands on *P*'s part or the fact that the attempted transfer was thought to be a mere nullity actually controlled the result is impossible to determine. At least the court gave no indication that any different result would be forthcoming were *P* to make it clear in his use of the mark that the cigars were no longer being made by *L*.<sup>8</sup> While perhaps the soundness of the case upon its exact facts cannot be disputed, its implications, arising from the vagueness of the opinion, are disturbing. Blind adherence to the dogma that a trade mark cannot be transferred in gross, together with failure to give due regard to the nature of trade marks and their varying purposes, as previously suggested, materially increases the likelihood of a harsh result in the individual case. So, in *Eiseman v. Schiffer*,<sup>9</sup> *G* attempted to assign to *P* for a definite period all right to the registered trade mark "radium", which had been applied by *G* to certain varieties of silk dress goods. The written assignment purported to transfer the trade mark together with the good will of the business in which it had been used, although, following the alleged transfer, *G* continued to produce the same article, applying a different trade mark thereto. On suit to enjoin infringement by *D*, *P* was denied relief because the transfer in reality did not include "that special business with the trade mark of which it was the parent",<sup>10</sup> and *G* was denied relief on the ground that, since he had discontinued the use of the word "radium" following the attempted transfer, a case of abandonment had been made out.<sup>11</sup> The court made no effort to

5. See DERENBERG, TRADE-MARK PROTECTION AND UNFAIR TRADING (1936) 572; but cf. *Messer v. The Fadettes*, 168 Mass. 140, 46 N. E. 407 (1897).

6. 180 N. Y. 445, 73 N. E. 239 (1905).

7. *Id.* at 449, 73 N. E. at 240.

8. Such a result could be reached only on the ground that the trade mark had some value other than that of signifying source, which *P* could use legitimately without deceiving the public.

9. 157 Fed. 473 (C. C. S. D. N. Y. 1907).

10. *Id.* at 476.

11. The decision was apparently based upon an interpretation of the registration statute providing that every registered trade mark shall be assignable in connection

determine the significance of the trade mark involved, whether it denoted the source of the goods so marked or merely goods of a certain quality. If the latter interpretation is the correct one the result of the case seems questionable.<sup>12</sup>

The *Eiseman* case evidences a strictly legalistic approach, assuming that a trade mark, apart from the business or good will to which it has been attached, has no existence and that its attempted assignment separately confers nothing of value upon the assignee. Proper definition of the business or good will to which the mark has been attached is essential to successful application of such a rule. The indication is that the assignor here retains all his rights under the trade mark unless a case of abandonment is made out.

The other approach, at least suggested in the *Falk* case, is essentially a practical one and is more willing to accept the conception of value entertained by the parties to the assignment. It seems to assume that the assignee has acquired a valuable right, yet refuses to enforce it at his suit so long as his use of the mark is likely to deceive the public. But while professing to be protecting the public from deception, the court, in applying this rule, in fact makes possible two frauds, one by the assignee and one by the alleged infringer, the suggestion being that the assignor retains no rights upon which he can base a suit against the infringer.

Fundamentally, the two approaches differ as to the theory upon which equity assumes jurisdiction in trade mark infringement cases. If the remedy depends upon a property right acquired by the assignee,<sup>13</sup> the first approach is more tenable, but if the remedy depends rather upon the broad principle that equity will not permit fraud to be practiced upon the public,<sup>14</sup> the latter would seem to be sounder in its basis. Practically the two viewpoints are not always distinguishable in the cases, and the chief concern here is to see if they are reconcilable, and to determine, if possible, the legalized scope of the business pirate's activities, and to what extent the trade mark rights of individuals are in reality protected.

#### TRADE MARK CHARACTERISTICS AND THE DOCTRINE OF ASSIGNMENT

It is generally recognized that the common law of trade marks is but a part of the broader law of unfair competition which condemns the passing off of one person's goods as those of another in fraud of the public and at the expense of the owner of the trade mark.<sup>15</sup> Essentially a trade mark has no intrinsic value, being merely symbolic of the good will of the business

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with the good will of the business in which the mark is used. Yet, inasmuch as it is generally recognized that trade mark statutes have made no change in the common law of trade marks, it would seem that the applicable principles remain unchanged. NIMS *op. cit. supra* note 1, at 592 *et seq.*

12. The importance of determining what the trade mark means in each individual case is clearly developed in Grismore, *The Assignment of Trade Marks and Trade Names* (1932) 30 MICH. L. REV. 489. See also Isaacs, *loc. cit. supra* note 4.

13. Trade Mark Cases, 100 U. S. 82 (1879). "Common-law trade-marks, and the right to their exclusive use, are of course to be classed among property rights . . .; but only in the sense that a man's right to the continued enjoyment of his trade reputation and the good will that flows from it, free from unwarranted interference by others, is a property right, for the protection of which a trade-mark is an instrumentality." Mr. Justice Pitney, in *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 413 (1916). See NIMS, *op. cit. supra* note 1, at 25 *et seq.*, 520 *et seq.* "The rule that a court of equity concerns itself only in the protection of property rights treats any civil right of a pecuniary nature as a property right." Mr. Justice Pitney in *International News Service v. Associated Press*, 248 U. S. 215, 236 (1918).

14. Compare 4 POMEROY, *op. cit. supra* note 2, at 3236, with 5 POMEROY, *op. cit. supra* note 2, at 4528. See also 2 HIGH, INJUNCTIONS (4th ed. 1905) 1068 *et seq.*; 3 RESTATEMENT, TORTS (1938) §715, comment b.

15. See *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 413 (1916).



in which it is used.<sup>16</sup> Perhaps the most satisfactory definition of good will from the standpoint of present day conceptions is that viewing it as the expectation of custom acquired through business endeavor, as a state of mind existing in persons which causes them to continue patronizing a certain place, person or article.<sup>17</sup> When a trade mark is looked upon merely as an outward manifestation of this good will, as the instrumentality through which the good will is identified or by which it is developed, it becomes less difficult to understand the true limitations of the dogma that trade marks cannot be assigned apart from the business or good will with which they have become associated. For example, where the particular trade mark denotes source or origin of the goods to which it applies, it cannot be assigned to another for use on goods emanating from a different source. Incidentally such would be productive of a fraud upon the public, but primarily it would be a physical impossibility since the good will in this case is only the state of mind of the consumer which causes him to patronize a certain *place*, the trade mark serving no other purpose than to identify this particular good will. In such case the consumer, being influenced only by the source of the goods, is in no sense of the word a prospective customer of the assignee. On the other hand where the trade mark involved denotes nothing more than goods of a certain quality, the good will which it symbolizes is the probability that the consumer will continue to patronize the particular *article* regardless of its source or its manufacturer, and there seems to be no good reason why an assignment thereof should not be given effect, though unaccompanied by transfer of tangible business equipment of any sort.

While the above analysis is developed on the logical basis of the existence of a property right in a trade mark which is capable of transfer, it is inextricably interwoven with the practical aspect of protection of the public from deception, since it adopts as the test of the existence of a transferable property right the significance of the mark in the mind of the consumer. The conclusion is irresistible that the likelihood of deception is the only limitation upon the assignability of trade marks.<sup>18</sup> In interpreting the decided cases then, it becomes of primary importance to determine the purpose which the particular trade mark is intended to serve and its significance to the members of the buying public.

#### PROTECTION AT THE SUIT OF THE ASSIGNEE

In the case of *Independent Baking Powder Co. v. Boorman*,<sup>19</sup> *P* sought to enjoin *D*'s infringing use of the trade mark "Solar", as applied to baking powder. The evidence showed that one *S* had originally acquired the mark, using it together with four or five other marks upon an alum baking powder. *S* assigned to *P* the trade mark "Solar" together with the right to manufacture and sell baking powder with that name affixed, but continued to manufacture the same identical powder, applying thereto all trade marks previously used except "Solar". *P*'s bill was dismissed on the ground that the assignment of the trade mark did not include the good will and business with which it had become associated, and thus conferred upon *P* no rights in the use thereof.<sup>20</sup> The decision was based upon the assumption

16. See NIMS, *op. cit. supra* note 1, at 51, 506.

17. See Grismore, *supra* note 12, at 492.

18. See Grismore, *supra* note 12, at 495, 496; DERENBERG, *op. cit. supra* note 5, at 571 *et seq.*

19. 175 Fed. 448 (C. C. D. N. J. 1910).

20. The fact that *P* was guilty of unclean hands in using the mark upon a phosphate powder rather than an alum powder with which it was associated was treated as

that a person may legitimately own and use in his business several different trade marks upon the same article, but, although the evidence showed that the trade mark involved represented grade rather than origin and ownership, the court refused to recognize that the good will of the business could be split up so as to effectuate the assignment where the assignor continued the same identical business, though under unassigned trade marks. It would seem that this case, involving much the same principle as that in *Eiseman v. Schiffer*, is subject to the same criticism,<sup>21</sup> and is, perhaps, out of line with the more modern conception of good will as evidenced in *American Crayon Co. v. Prang Co.*<sup>22</sup> Therein, *M*, who was engaged in the school and art supply business selling many separate articles under the trade mark "Prang", assigned to *P* all rights in the mark as applied to certain enumerated articles, retaining the right to use the mark on other articles and also the right to deal in the enumerated articles without the mark. In *P*'s suit to restrain *D*'s infringement, *D* argued that the contract between *M* and *P* was the assignment of a trade mark in gross and therefore invalid. In denying this contention, the court said it was obvious that *P* acquired that portion of the business and good will of *M* represented by the articles specified in the contract.<sup>23</sup>

A closely related, and perhaps more usual, question arises where the trade mark involved has two or more different connotations as to one of which it is not properly assignable. The problem is well crystallized in the case of *Mulhens & Kropff v. Ferd. Muelhens, Inc.*<sup>24</sup> Muelhens had established an agency in the United States for the sale of products manufactured by him in Germany, some, including cologne, incorporating a secret formula, some not, and granted to this agency the right to use the trade mark "4711" in connection therewith. During the war the Alien Property Custodian confiscated the business of the agency, except the secret formula, and sold it to *P* who thereafter sold its products under the "4711" label, although without the use of the secret formula which it did not know. After the war, *D*, another sales agency established by Muelhens in the United States resumed distribution of his products under the mark "4711". *P* sued to enjoin *D*'s use of the mark and it was held that an injunction was proper only with respect to articles which did not originally incorporate the secret formula. The court recognized that, as applied to cologne, the trade mark denoted both origin in the house of Muelhens, and manufacture under a secret recipe. Further conceding that *P*, as successor to Muelhens' business in this country, was entitled to use the mark in its first meaning, the court apparently felt that the secret remedy connotation of the mark predominated

a distinct point in the case. *Id.* at 454. This would seem to justify the final result of the case regardless of the question of validity of the assignment.

21. See p. 864 *supra*. It is said that good will cannot be sold to one while the original owner continues the business as before. *Bulte v. Igleheart Bros.*, 137 Fed. 492, 498 (C. C. A. 7th, 1905). But when the owner gives up his valuable right to the use of a certain trade mark he is not continuing business as before. Whether or not he continues to produce the same goods without the trade mark should make no difference. It is fundamental that a trade mark confers no monopoly in the manufacture of certain goods.

22. 28 F. (2d) 515 (D. Del. 1928), *rev'd on another ground*, 38 F. (2d) 448 (C. C. A. 3d, 1930). See Note (1930) 24 ILL. L. REV. 591.

23. *Cf.* *Southeastern Brewing Co. v. Blackwell*, 80 F. (2d) 607 (C. C. A. 4th, 1935), (1936) 4 DUKE B. A. J. 117; *but cf.* *Everett O. Fisk & Co. v. Fisk Teachers' Agency*, 3 F. (2d) 7 (C. C. A. 8th, 1924); *Molka Wines Co., Inc. v. Rosenthal*, 160 N. Y. Misc. 805, 290 N. Y. Supp. 717 (1936).

24. 43 F. (2d) 937 (C. C. A. 2d, 1930), (1931) 17 ST. LOUIS L. REV. 91, *rev'g*, 38 F. (2d) 287 (S. D. N. Y. 1929), (1930) 30 COL. L. REV. 133. See Note (1930) 43 HARV. L. REV. 636, discussing the decision of the district court.

to such an extent that use by *P*, without the secret formula, could not be otherwise than deceptive to the public. In fact its feeling ran so strongly on this point that it refused to sustain the decree of the lower court granting an injunction only upon condition that *P* clearly indicate in its use of the mark that the secret formula was not being employed.

The only possible way to resolve the seeming inconsistency in the position thus taken is to conclude that the court in reality attached no value to the use of the mark in its first meaning, deeming prospective customers to be interested only in the genuine article regardless of its origin.<sup>25</sup> Indeed the dissent<sup>26</sup> admitted that *P*'s right to represent its products as emanating from the old source, the American branch of Muelhens' business, became very thin in this case, observing that the customers presumably cared nothing about the place where the cologne was made up, and much about the essence. But rather than speculate upon how much of the value of the trade mark was properly allocable to use in its first meaning, the dissent felt that *P* had acquired the right to use the mark in its first sense which right should be protected for what it was worth. However, since *P* in its use of the mark had falsely led its customers to suppose they were getting cologne made under the recipe, a decree conditional upon the discontinuance of this deceit was advocated. Fundamentally it would seem that the disagreement between the majority and minority in the *Mulhens* case centered around the question of whether the trade mark involved denoted anything more than articles manufactured under a secret formula. To the extent that it had any other connotation *P* had clearly acquired the right to its use and the granting of a decree in its favor conditional upon his cleaning his hands represents a more desirable method of handling the case than dismissing the bill as *res judicata*, forestalling any future attempt by *P* to enforce his rights after cessation of the fraud.

However, the modern trend of the law, as evidenced by the *Prang* case, exhibits a decided effort to determine the true nature of the trade mark as used in a particular case, to ascribe to it a value more in conformance with the business man's conception, and to grant protection of the mark in the hands of the assignee where non-deceptive use by him is assured. A further problem, as indicated in the *Prang* case and in the dissenting opinion of the *Mulhens* case, arises where the assignee although holding a properly transferable right in the trade mark, uses it in such a manner as is likely to deceive the public. Seeking equitable relief for infringement, the assignee immediately runs up against the "clean hands" doctrine based upon the principle that equity will not act to give equitable relief to one who has been guilty of fraud in connection with the same matter.<sup>27</sup> It has been truly said that "an exclusive privilege for deceiving the public is assuredly not one that a court of equity can be required to aid or sanction."<sup>28</sup> This particular phase of the doctrine is that in which plaintiff's hands are unclean because of his conduct toward the public as his prospective customers,<sup>29</sup> and is based upon the assumption that plaintiff has such an interest in the trade mark as would be otherwise entitled to protection. However the extent to which the assignee is barred from relief is dependent upon whether his misrepresentation is fraudulent or innocent. In the normal case, where no misrepresentation occurs, the assignee may be entitled to damages and an accounting of profits as well as to an injunc-

25. 43 F. (2d) at 939.

26. *Id.* at 940.

27. WALSH, EQUITY (1930) 283, n. 9, and cases cited therein.

28. 6 POMEROY, *op. cit.* *supra* note 2, at 999.

29. 3 RESTATEMENT, TORTS (1938) § 749, comment *g*.

tion.<sup>30</sup> Where misrepresentation appears, although innocent, an injunction may be granted on condition that the misrepresentation be discontinued, and it is only in cases involving misrepresentation which is openly and grossly fraudulent that all relief is denied under the clean hands doctrine.<sup>31</sup> Clearly the doctrine, as here applied, has for its purpose the protection of the public from the misleading conduct of plaintiff, attempt to achieve this end by constructing a negative deterrent upon such conduct. With this in mind, the courts should proceed slowly in denying even conditional relief, since, by so doing, the fraudulent conduct of the defendant is perpetuated. Thus in the *Prang* case it appeared that *P* was engaging in an extensive advertising campaign in an endeavor to expand its business in disregard of the "Prang" rights reserved by *M*, successfully leading the public to believe that its "Prang" products were not limited to the articles specified in the assignment from *M*. The lower court, invoking the clean hands doctrine, refused to grant any form of relief, dismissing the bill apparently as *res judicata*. On appeal this decree was reversed and an injunction was allowed.<sup>32</sup> In as much as *D* in this, *M*'s successor in its business and in the "Prang" rights reserved under the assignment from *M* to *P*, had filed a counterclaim for injunctive relief against *P*, the court was enabled to enjoin *P*'s misconduct directly, removing the necessity of conditioning the injunction granted in *P*'s behalf. In answer to the position taken by the lower court, the appellate court observed that the misconduct of the parties was an almost inevitable result of the attempt to split up a trade mark such as that here involved, and that the consequent violation of rights was more properly attributed to business zeal and insistence upon supposed rights than to rank dishonesty.<sup>33</sup> Where plaintiff has discontinued misrepresentations before bringing his action and there appears to be no further likelihood of deception, such past misrepresentations will not bar relief.<sup>34</sup> Even where misrepresentations have not been previously discontinued and plaintiff's suit is dismissed without any relief whatever, the indication is that such dismissal is not regarded as prejudicial to plaintiff's commencing a new action upon cleaning its hands.<sup>35</sup>

It appears from the above consideration of the assignee's rights to protection, that the only sizeable loophole for the business pirate is in the cases where the attempted assignment is actually without effect so far as conferring any thing of value upon the assignees is concerned. It remains to be seen how effectively this hole can be plugged by the would-be assignor.

#### PROTECTION AT THE SUIT OF THE ASSIGNOR

It seems clear from the *Eiseman* case that, following an attempted assignment which is regarded as a nullity, the assignor retains all his

30. Normally where the infringement was unintentional an accounting will not be ordered. *NIMS, op. cit. supra* note 1, at 1078.

31. 3 RESTATEMENT, TORTS (1938) § 749, comment *h*.

32. 38 F. (2d) 448 (C. C. A. 3d, 1930).

33. *Id.* at 450.

34. 3 RESTATEMENT, TORTS (1938) § 749, comment *h*.

35. In the *Mulhens* case, *P* was denied a preliminary injunction because he was falsely advertising that his product was being made in accordance with the original recipe. 38 F. (2d) 287, 290 (S. D. N. Y. 1929). Yet, after ceasing such false advertisement, he was granted relief in the district court. 38 F. (2d) 287 (S. D. N. Y. 1929). The reversal in the appellate court was not based upon the original dismissal of the bill as *res judicata*. 43 F. (2d) 937 (C. C. A. 2d, 1930). See HANDLER, CASES AND MATERIALS ON TRADE REGULATION (1937) 706, and cases cited therein; Handler, *False and Misleading Advertising* (1929) 39 YALE L. J. 22, 49 *et seq.*

former interest in the trade mark unless a case of abandonment is made out. Such a position gives further support to the view that invalidity of the assignment is based primarily upon the property concept that the assignee receives nothing of value, rather than upon the reasoning that the assignee's use of the mark will perpetrate a fraud upon the public, since as a consequence of the latter view the assignor might well be denied equitable relief as a participant in a fraudulent scheme. As regards the doctrine of abandonment, there has been much dispute over its actual foundation.<sup>36</sup> Courts have long paid lip service to the rule that abandonment is purely a question of intent, acts which otherwise might establish abandonment being explainable by showing that there was never any intent to relinquish the right claimed.<sup>37</sup> A further requisite is that there must be an external act, such as disuser or acquiescence in use by others, by which the intention to abandon is evidenced or carried into effect.<sup>38</sup> Moreover, the intent required must apparently be that the public at large may appropriate the mark, not merely that one or a limited number of persons may do so. Yet the courts, realizing that this theory of abandonment is opposed to the so-called functional theory of trade marks justifying their use solely because of associative significance in the public mind, have become adept at finding abandonment without the requisite intent where associative significance has decayed, as well as failing to support the defense of abandonment where the associative significance lingers on, although confronted with evidence of the requisite intent.<sup>39</sup> Logically, a case of abandonment could never be strictly made out on the basis of an unsuccessful attempt to assign, since the argument that an intent to give up all interest in the mark to public use is evidenced by such an act is hardly tenable.<sup>40</sup> Rather than this, the intent evidenced by the assignor is to capitalize upon a reputation built up through industry and initiative, to transfer something of value in return for a consideration, with the knowledge that a failure to transfer anything of value would subject him to liability at the instance of the assignee. So the rationale behind the ruling in the *Eiseman* case must have been that the mark had lost its associative significance to the public and hence its value to the assignor.<sup>41</sup> Whether or not an abandonment is made out under such a theory depends, of course, upon the nature of the trade mark, the length of time before knowledge of the invalidity of the assignment is brought home to the assignor, as well as upon the effect of the assignee's unwarranted user upon the associative significance of the mark. It is true that hardship may result in individual cases, but the point to be noted is that proper application of the doctrine will not only effectively curtail the activities of the business pirate, but will also protect the interest of the assignor in the mark. Concededly where an abandonment is made out the assignor may have lost his property, either in the form of his right to exclusive user of the mark or in the form of the consideration received for the assignment, without any intention to do so. But the fact remains that so long as the mark retains its

36. See Note (1930) 30 COL. L. REV. 695.

37. See *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19, 31 (1900); NIMS, *op. cit. supra* note 1, at 1011.

38. NIMS, *op. cit. supra* note 1, at 1010.

39. See Note (1930) 30 COL. L. REV. 695, 696, 697, and cases cited therein.

40. *But cf. La Fayette Brewery, Inc. v. Rock Isd. Brewing Co.*, 87 F. (2d) 489 (C. C. P. A. 1937); *Sauers Milling Co. v. Kehlor Flour Mills Co.*, 39 App. D. C. 535 (1913).

41. *Accord, Interstate Distilleries v. Sherwood Dist. & Distrib. Co.*, 173 Md. 173, 195 Atl. 387 (1937), (1938) 22 MINN. L. REV. 750. See Mack and Milans, *Legal Status of Liquor Trade-Marks and Trade Names Since Repeal* (1934) 2 GEO. WASH. L. REV. 415.

associative significance which is synonymous with its value to the assignor, he may properly seek equitable relief from interference by others.

In connection with the problem of handling trade marks with more than one purpose, for one of which it may be assignable, and for another of which it may not be assignable, the previous development might seem to indicate, as its logical consequence, that the assignor retains the right to use the mark for the purpose as to which it is non-assignable. Thus, in infringement cases it would be necessary to determine the nature of the particular infringement—whether a violation of the rights of the assignee or of the assignor. In reality, however, such a refinement is not only impractical but against usual business practice. Actually, much of the value of a trade mark rests in its uniqueness,<sup>42</sup> so that its mere use by others, even on dissimilar products,<sup>43</sup> necessarily detracts from its selling power. Thus, where it is apparent that the parties bargained with the idea that the uniqueness of the mark should not be imposed upon by the assignor, he should not be heard to justify such imposition either in suit for breach of assignment contract or in infringement proceedings, on the ground that his use of the mark was one for which it was not assignable. Of course, where, as in the *Prang* case, the parties deliberately split up the trade mark rights, the refinement above pointed out cannot be avoided, yet the *Prang* case aptly illustrates the confusion likely to result from such an attempt to apportion the rights to use the mark.

#### CONCLUSION

Under modern law the old dogma that a trade mark cannot be assigned in gross has lost much of its significance. Such meaning as it retains is certainly not revealed by its mere statement, and can only be apprehended by a study of the more recent cases paying verbal obeisance to it. As previously indicated, the tendency now is to recognize the assignment of a mark as one not in gross even though nothing passes with the right to use the mark other than the business getting capacity inherent in the mark itself, i. e. the intangible good will with which the mark has become associated.<sup>44</sup> Greater encouragement of this trend in the law will serve to bring into alignment the conceptions entertained by the law and the business man as to the nature of one of the most prevalent custom-getting devices.

Where the assignee fraudulently uses his mark so as to mislead the consuming public, equity's refusal to protect his property right is richly merited. Yet denial of relief is being tempered more and more often in order to avoid the consequences of defendant's fraud. The use of conditional decrees to this end, though sometimes objectionable as enabling plaintiff to speculate as to the respective values of proceeding fraudulently in competition with fraud, or proceeding without fraud and without the competition,<sup>45</sup> is often desirable. To enjoin both parties to the infringement suit from the commission of further fraud would seem to be an intelligent method of handling the problem, but this procedure is not at present in general use.<sup>46</sup> Yet in the last analysis there is in existence adequate

42. See Schechter, *The Rational Basis of Trade Mark Protection* (1927) 40 HARV. L. REV. 813, in which it is argued that the preservation of the uniqueness of a trade mark should constitute the only rational basis for its protection.

43. See (1937) 16 TEX. L. REV. 127.

44. See p. 866 *supra*. See Note (1930) 24 ILL. L. REV. 591, 595.

45. See *Thompson v. Burns*, 15 Idaho 572, 603, 99 Pac. 111, 121 (1908).

46. Yet decrees conditional in form have been held equally binding upon both parties, apparently on the theory that the plaintiff, in coming into equity, voluntarily submits to a decree against himself as a condition of relief. *Boston v. Shackelford*, 162

machinery with which to protect the respective interests of the assignor and assignee in their trade marks as well as the public interest, its effectiveness depending upon the courts' willingness to make full use of it.

*S. W. F.*

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Va. 733, 175 S. E. 625 (1934), (1935) 35 Col. L. Rev. 115. This case involved a suit by vendee for specific performance of a contract for the sale of land, the decree being conditioned upon payment by vendee, such condition being imposed for the protection of the defendant. Where the condition is imposed for the protection of the public, as in a trade mark infringement case, it seems doubtful whether defendant would have any standing to enforce it, even if inclined to do so, which is hard to imagine.